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No. 2.

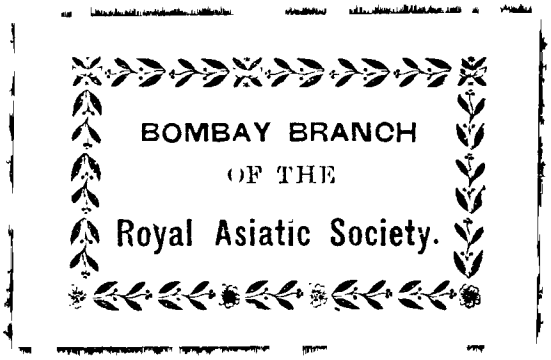
PAPERS

RESPECTING

THE EAST-INDIA COMPANY'S

CHARTER.

1833.


BOMBAY BRANCH
OF THE
Royal Asiatic Society.

PAPERS

RESPECTING

110484

THE EAST-INDIA COMPANY'S

CHARTER.

1833.

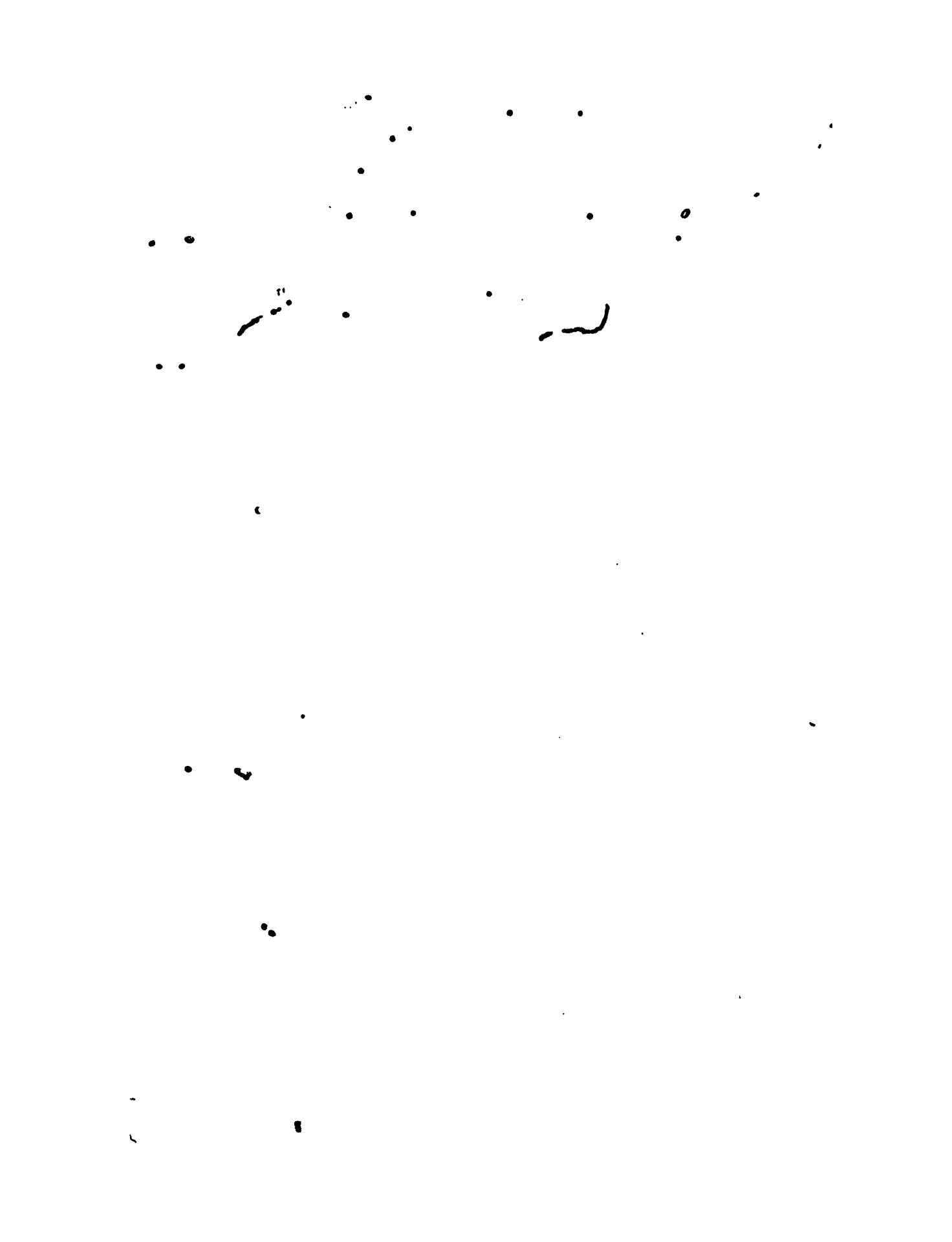
Pax K-6

LONDON:

PRINTED BY ORDER OF THE GENERAL COURT, FOR THE INFORMATION OF THE PROPRIETORS,

BY J. L. COX AND SON, 75, GREAT QUEEN STREET.

1833.



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No. I.

AT A

SECRET COMMITTEE OF CORRESPONDENCE,

Held on Tuesday, the 18th December 1832.

No. I.
Secret Committee, 18 Dec. 1832.

THE Chairman acquainted the Committee that the Deputy Chairman and himself had had several confidential interviews with Mr. Grant (at the instance of that gentleman), at the India Board, on and since the 24th ultimo, at which the subject of the Company's affairs, more especially regarding the renewal of the Company's Charter, had been matter of conversation.

That on the morning of the 10th instant the Chairman received a note from Mr. Grant, stating that Earl Grey would be glad to see the Deputy and himself at four o'clock that afternoon. That they had accordingly met Lord Grey and Mr. Grant; when his Lordship stated, that the reason of his wishing to see them was the near approach of the period when it would be necessary to consider the Company's affairs, with the view of submitting some definite arrangement to Parliament in the ensuing session. After some general observations, his Lordship alluded to a paper in the possession of Mr. Grant, which contained an outline of the leading points which it was thought necessary to touch upon in the first instance.

That the said paper was then read; and after a good deal of conversation on the several points, the Chairs took their leave, with an understanding that the paper, when ready, would be sent to them.

That on the 11th instant, at half past eight in the evening, the Chairman received the paper in question, enclosed in an envelope to his address as Mr. Ravenshaw, without any note or intimation accompanying it. In consequence of which he wrote to Mr. Grant, to ascertain his wish as to the course to be adopted with the paper; and that late yesterday afternoon (the 17th instant) he had received a letter from Mr. Grant, expressing his request that the same might be submitted to a Secret Committee of Correspondence, and if necessary, ultimately to a Secret Court of Directors.

The

No. I.
Secret Committee, 18Dec.1832.

The said letter from Mr. Grant, dated at the India Board, marked "private," and addressed to "J. G. Ravenshaw, Esq.," was read; as was also the paper marked "confidential," which accompanied the letter.

The Committee having deliberated thereon adjourned.

No. II.

LETTER *from the Right Honourable* CHARLES GRANT *to the* CHAIRMAN, *noticed in the preceding Minute.*

(Private.)

India Board, Dec. 17, 1832.

MY DEAR SIR:

No. II.
Mr. Grant's Letter.
17 Dec.1832.

I address you with reference to the Memorandum or Paper of Hints on the subject of the East-India Charter which was read to you and the Deputy at Lord Grey's, and which I have since transmitted to you.

Although it appears to the Government that the arrangement there described is on the whole the most eligible, yet, as Lord Grey and I stated at the time, it is open to discussion, and is submitted to you and the Deputy, and through you to a Secret Committee of Correspondence, and if you should so think fit, to a Secret Court of Directors, for the purpose of being examined and considered. The Government are prepared to give a full and impartial attention to any observations respecting it, or to any objections against it which may occur to the Directors, and, in the same spirit, to weigh the merits of any other plan which may be suggested as an alternative.

I have therefore to request you will be so good as to bring that Memorandum under the notice of a Secret Committee of Correspondence, it being understood to be at present a Confidential Communication.

I am, my dear Sir,
Yours very truly,

J. G. Ravenshaw, Esq.

(Signed) CHARLES GRANT.

No. III.

MEMORANDUM *or* PAPER OF HINTS *noticed in the preceding Minute.*

(Confidential.)

No. III.

Memorandum or Paper of Hints.

THE China Monopoly to cease.

The East-India Company to retain their Political Functions.

The Company's Assets, Commercial and Territorial, with all their Possessions and Rights, to be assigned to the Crown, on behalf of the Territorial Government of India.

An Annuity of £630,000 to be granted to the Proprietors, to be paid in England by half-yearly Instalments, and to be charged upon the Territorial Revenues of India exclusively, and to form part of the Territorial Debt of that Country, not to be redeemable before the 30th of April 18—, and then, at the option of Parliament, by the payment of £100 for every £5. 5*s.* of annuity.

Such part of the Commercial Assets as is convertible into Money to be so converted, and the proceeds, with the Cash Balance of the Commercial Department, as exhibited in the Account of Stock by Computation for the 30th April 1834, appropriated to the discharge of an amount of the present Territorial Debt, equal to a Capital producing £630,000 a year.

The Territorial Revenue of India to be chargeable with all expenses incurred on account of that country at home and abroad.

The new annuitants to retain the character of a Joint Stock Company.

The qualification of the Proprietors, and the right of voting, to remain as at present.

The number of Directors to be ; one-fourth to go out by rotation every year, but to be immediately re-eligible.

The patronage to remain vested in the Directors.

The Military patronage to be exercised as at present.

The Civil Servants to be educated at Haileybury.

The details of the arrangement to be settled hereafter; but, perhaps, something of the following nature might answer:

The students at the College to be considered only as competitors for Writerships.

Their number to be so regulated, that there may be always more candidates than appointments.

Each student to remain at the College no longer than years.

No. III.

Memorandum or Paper of Hints.

Vacancies for Civil appointments in India to be filled from the College, on public examination, by the students approved the most able.

The Directors to fill up the vacancies at the College each year: each Director to nominate in succession.

The plans and arrangements respecting the course and subjects of study to be formed by the Board and the Professors.

The 47th section of the 53d Geo. III. cap. 155, to remain, but made applicable to *removal* as well as appointment, and to *Professors* as well as Principals.

The Governor General in Council to report annually, on his responsibility, the number of Writers and Cadets and Assistant Surgeons required for the service of the next year.

The Board of Control to have the power of reducing, but not of augmenting, that number.

Every British subject to have the right of going out to the seats of Government of the three Presidencies of India, without license; but his right of visiting the interior, or of residing there, and of acquiring and holding property, to be subject to the restraints and regulations which the local Government may impose.

The powers of the Court, and its relations with the India Board, to remain as at present, except as modified in the following summary:

The Court, on the Board's final and conclusive order, are to send the dispatch by the first ship that goes after such order.

In the event of the Court refusing to prepare a dispatch, or to send a dispatch as altered by the Board, the Board to have the power of sending it themselves.

Appointment of Governors subject, as now, to the approbation of the King; but the Board to have a veto on the recall.

The same, with regard to Commanders of the Forces.

The Board to have the same power with regard to pensions or salaries below £200 a year, and to gratuities below £600, that they have now with respect to salaries, pensions, or gratuities above those amounts.

Home expenditure and establishment to be under the control of the Board.

No. IV.

AT A

SECRET COMMITTEE OF CORRESPONDENCE,

Held on Friday the 21st December 1832.

THE Committee having further deliberated upon the hints submitted in Mr. Grant's letter of the 17th instant, adjourned.

No. IV.
Secret Committee, 21 Dec. 1832.

No. V.

AT A

SECRET COMMITTEE OF CORRESPONDENCE,

Held on Friday, the 28th December 1832.

THE Chairman laid before the Committee a proposed minute with reference to the letter from Mr. Grant with the Paper of Hints.

The same was read and ordered to lie for consideration.

No. V.
Secret Committee, 28 Dec. 1832.

No. VI.

AT A

SECRET COMMITTEE OF CORRESPONDENCE,

Held on Wednesday, the 2d January 1833.

THE Committee having fully and deliberately considered the Minute submitted by the Chairman on the 28th ultimo, with reference to the letter from Mr. Grant with the Paper of Hints respecting the Company's Charter;

The said Minute was unanimously approved, the same being as follows, *viz.*

No. VI.
Secret Committee, 2 Jan. 1833.

The

No. VI.

Secret Committee, 2 Jan. 1833.

Minute, 28 Dec. 1832.

The Chairman and Deputy Chairman, agreeably to the wish expressed in Mr. Grant's note to Mr. Ravenshaw of the 17th December, have communicated to a Secret Committee of Correspondence the Paper of Hints respecting the Company's Charter, which was read to the Chairs by Mr. Grant in the presence of Earl Grey on the 10th December, and which was afterwards transmitted by Mr. Grant to Mr. Ravenshaw.

That Paper of Hints has been considered by the Secret Committee of Correspondence with the respect due to His Majesty's Ministers, and with the deliberation which the vital importance of the subject demands.

Upon the first proposition which the paper contains, *viz.* "the China monopoly to cease." The Committee beg leave to premise, that the exclusive privilege which the Company possess of trading with China is not used by them as a *monopoly*, in the sense in which that term is generally received, the Legislature having strictly restrained the Company from so using their privilege, by the regulations which require that the supply brought forward shall be adequate to the demand, and that the price at which the teas are put up shall be limited to the prime cost and charges.

With respect to a cessation of this exclusive privilege, whilst it will be the duty of the Company to bow to the wisdom of Parliament, the Committee feel it right to state for the consideration of the King's Ministers, that the discontinuance of that privilege involves a most essential change in the financial system upon which the affairs of India are now administered, since it is the exclusive trade with China which, to a great extent, furnishes the Indian territory with a safe and very beneficial channel of remittance of the funds required in England to defray political charges, and which has also afforded to the territory a large amount of direct pecuniary aid, under the fourth head of appropriation of profits specified in the 57th section of the Act of the 53d Geo. III. cap 155. If, instead of receiving these advantages, India had been called upon from year to year to provide funds to repay the full amount disbursed by the Company, the public debt of India since 1814 would have been upwards of seventeen millions sterling more than it now is, exclusive of the balance due in account to the commercial branch, and which, with interest, is computed at five millions.

When this important fact is considered, in reference to the pressure with which the Government demands already bear on our native subjects, notwithstanding the searching measures of economy which of late years have been introduced into all branches of the Indian Administration, the Committee cannot

cannot but hope that His Majesty's Ministers will pause, before they consent to deprive India of the great advantage of the China Trade as now conducted.

Nor can the Committee, invited as they have been by Mr. Grant to state their opinions with freedom, refrain from suggesting, that the throwing open of the China trade may be eminently detrimental to this country, by risking our amicable intercourse with China, or at all events, by removing the concentrated influence of the Company's Factory, under which the dealings of the English with that country have so long been conducted; by causing a deterioration in the quality of an article which has almost become a necessary of life; and by seriously interfering with a large revenue, levied, under the existing system, with perfect equality to all classes of consumers, and with incomparable regularity and cheapness to the State*; whilst the supposed advantage of an open trade, in affording new marts for our manufactures, are contrary to the facts elicited during the late Parliamentary enquiry, *viz.*—that the Americans take dollars and bills to China in preference to British manufactures; that such manufactures are not taken to any considerable extent by the commanders and officers of the Company's ships who have the privilege of taking them free of freight; and that although large quantities have been sent in the private trade to India and the Eastern Archipelago, yet they have very rarely found their way from thence to Canton.

Should it be argued, that tea would be somewhat cheapened to the consumer by that trade, which is now conducted by the Company at a profit, becoming only one of remittance, the Committee would submit, that that advantage, if eventually realized by the people of England, could only be acquired at the expense of the people of India, and would, in some measure, be countervailed, even to the people of England, by the expense of collecting the tea duty in an open trade; the amount of which duty, moreover, if still levied *ad valorem* (but how could it be *ad valorem* if the trade were free; and if not *ad valorem*, how could an unequal pressure of the tax be obviated?) would fall, with every reduction of price, to a much greater extent than would, it is believed, be made up by increase of consumption.

If, notwithstanding all these considerations, it should be determined to put an end to the exclusive trade with China, the Committee beg leave to suggest to

* A Revenue of between three and four millions sterling is collected at an expense of about £10,000.

No. VI.

Secret Committee, 2 Jan. 1833.

Minute, 28 Dec. 1832.

to the King's Ministers, that the period that may be fixed upon for that change to take effect should be sufficiently remote, to allow of the Company's disposing of the stock of tea which, by the operation of the present law, they are compelled to have in warehouse.

With respect to the second proposition in the Paper of Hints, *viz.* "The "East-India Company to retain their political functions,"—it will, of course, rest with the Court of Proprietors to consider, when the proposals, matured by His Majesty's Government, shall come before them, whether they be such as will justify the Company's undertaking to administer the Government of India for a further term. It can scarcely be necessary, however, for the Committee to point out to the King's Ministers, that an indispensable preliminary to any such arrangement would be, that the Company should be secured in the regular supply of funds to defray the territorial payments in England, amounting to between two and three millions annually; a difficulty which does not appear to be met in the Paper of Hints.

The third and fourth propositions, *viz.* "The Company's assets, commercial "and territorial, with all their possessions and rights, to be assigned to the "Crown on behalf of the territorial government of India."—"An annuity of "£630,000 to be granted to the Proprietors, to be paid in England by half-"yearly instalments, and to be chargeable upon the territorial revenues of "India exclusively, and to form part of the territorial debt of that country, "not to be redeemable before the 30th April 18—, and then, at the option of "Parliament, by the payment of £100 for every £5. 5*s.* of annuity;"—appear to the Secret Committee of Correspondence to involve in substance the abolition of the East-India Company, and the surrender by them (for it cannot be contemplated to deprive them) of all their rights, privileges, and property, for no other compensation than the chance of receiving, after every other territorial demand shall have been satisfied, a dividend of 10½ per cent., for a term whose length is not stated; and which dividend, whatever the term may be, there can be little prospect that India, when deprived of the advantage of the China trade, will be able to pay.

With every respect for His Majesty's Ministers, the Committee unanimously decline to recommend the beforementioned proposals to the Court of Directors, to be offered by them for the acceptance of the Court of Proprietors; and beg leave to record their opinion, that no proposition whatever for continuing the Government of India in the hands of the Company, when deprived of the exclusive trade with China, can be acceptable to the Company, unless the

Proprietors

Proprietors be fully secured in the regular payment, half-yearly, of their dividend of 10½ per cent. per annum; and in the right, whenever paid off, to such an amount of principal, as, at the present price of Consols, would produce that rate of dividend. The Committee submit, that this is the least to which the Company can be considered entitled, when it is remembered that they have property amply sufficient to provide an investment in Consols equal to the required dividend; such property consisting of commercial assets, of pecuniary claims of large amount on India, and of possessions and rights in that country of great value, their title to which has never been disputed.

Indeed, when reference is had to the facts, that the Company has been the instrument of adding nearly the whole of Hindostan to the sovereignty of Great Britain, and that through the same instrumentality a trade has been opened, fostered, and preserved, yielding an immense revenue, providing an article essential to the comfort of the public, and causing beneficial employment for a large population and an extensive fleet of shipping; it might not have been unreasonable to expect, that in the event of its being deemed expedient, with a view to the public benefit, that the Company should be broken up, some provision would be made by the country to compensate them for the services which they have rendered, for the risks which they have run, and for the sacrifices which they are called upon to make:—the Company's claim, in this respect, would seem to be irresistible, if they should be required to give up the right which they possess in perpetuity to trade in common with His Majesty's subjects. The Committee, however, abstain from pressing this point at present. What they now urge is, the undoubted right of the Company in their property to the extent before stated, and to such further extent as shall be sufficient to enable them to make a suitable provision for the numerous classes of servants, whose interests will be seriously affected by a change of system.

It is unnecessary, in the present stage of the discussion, to enter upon an examination of the numerous points of detail comprised in the Paper of Hints. It is sufficient to observe, that when the great principles which must form the basis of the scheme shall have been satisfactorily arranged, the Chairman and Deputy Chairman and the Secret Committee of Correspondence will lend their cordial aid to His Majesty's Ministers in arranging such a plan to be recommended to the Court of Directors for submission to the Proprietors, as may seem to be calculated to enable the Company efficiently to

 administer

No. VI.
Secret Committee, 2 Jan. 1833.
Minute 28 Dec. 1832.

administer the Government of India for a further time, with credit to themselves and with advantage to that Empire.

The Committee have thought it advisable to place these their sentiments before the King's Ministers previously to submitting the Paper of Hints to a Secret Court of Directors; but if His Majesty's Ministers should desire to obtain the views of the Court, the Committee will take their pleasure upon the subject.

No. VII.

LETTER *from the* CHAIRMAN *and* DEPUTY CHAIRMAN *to the* EARL GREY.

(Secret.)

India House, the 3d January 1833.

MY LORD;

No. VII.
Letter to Earl Grey, 3 Jan. 1833.

We have the honour to transmit to your Lordship the accompanying copy of a Minute of a Secret Committee of Correspondence of the 2d instant, with reference to the "Confidential Memorandum or Paper of Hints," which was read at the interview we were honoured with by your Lordship on the 10th ultimo, and subsequently sent to Mr. Ravenshaw, by Mr. Grant, on the 17th of that month, for the purpose of being communicated to the Committee.

We have the honour to be,
My Lord,
Your Lordship's most obedient and faithful servants,
(Signed) J. G. RAVENSHAW,
C. MARJORIBANKS.

The Earl Grey, K.G.
&c. &c. &c.

No. VIII.

LETTER *from the* CHAIRMAN *and* DEPUTY CHAIRMAN *to the Right Honourable* CHARLES GRANT.

(Secret.)

India House, the 3d January 1833.

SIR:

We have the honour to transmit to you the accompanying copy of a Minute of a Secret Committee of Correspondence of the 2d instant, to whom the "Confidential Memorandum or Paper of Hints" sent by you to Mr. Ravenshaw on the 17th ultimo has been submitted. No. VIII. Letter to the Rt. Hon. Chas. Grant. 3 Jan. 1833.

We beg to add, that we have forwarded a copy of that Minute to Earl Grey.

We have the honour to be,
Sir,
Your most obedient and faithful servants.

(Signed) J. G. RAVENSHAW,
C. MARJORIBANKS.

No. IX.

AT A

SECRET COURT OF DIRECTORS,

Held on Wednesday, the 13th February 1833.

THE Chairman stated to the Court that the Deputy Chairman and himself had been in communication with His Majesty's Ministers since the month of November last, on the subject of the renewal of the Company's Charter. That on the 17th December he received a communication addressed to him as Mr. Ravenshaw, which he had (in consequence of a letter from the Right Honour- No. IX. Secret Court. 13 Feb. 1833.

 able

No. IX.

Secret Court, 18 Feb. 1833.

able Charles Grant, received on the following morning) laid before the Secret Committee of Correspondence on the 18th December; and that, on the 2d January, the Committee recorded a Minute, which was in the nature of an answer to the secret and confidential communication from Mr. Grant of the 17th December.—The Chairman then laid before the Court the undermentioned documents, *viz.*

Minute of a Secret Committee of Correspondence of the 18th December 1832.

Letter from the Right Honourable Charles Grant to J. G. Ravenshaw, Esq., marked "Private," and dated at the India Board, the 17th December 1832.

Memorandum or Paper of Hints, transmitted to the Chairman by Mr. Grant.

Minutes of Secret Committees of Correspondence of the 21st and 28th December 1832, and 2d January 1833, and

Drafts of letters from the Chairman and Deputy Chairman to Earl Grey and the Right Honourable Charles Grant, dated the 3d January 1833.

The Chairman further stated, that he was in confident expectation of receiving, in the course of this day, an answer, on the part of His Majesty's Ministers, to the Secret Minute of the 2d ultimo, which answer he would take an early opportunity of laying before the Court, after having communicated the same to the Committee.

And the several papers now laid before the Court having been read,

It was, on a Motion,

Resolved unanimously, That the Committee of Correspondence be requested to continue the negotiation with His Majesty's Ministers. And to communicate their proceedings to the Court from time to time, so far as the Committee shall consider the same can be done with reference to the welfare and interests of the Company.

No. X.

AT A

SECRET COURT OF DIRECTORS,

Held on Friday, the 15th February 1833.

No. X.
Secret Court, 15 Feb. 1833

THE Chairman acquainted the Court, that late in the afternoon of Wednesday, the 13th instant, he received a letter, addressed to the Deputy Chairman and himself, from the Right Honourable Charles Grant, dated at the India Board, the 12th instant, in reply to the Secret Minute of the Committee of Correspondence of the 2d ultimo; that he immediately communicated the said letter to a Secret Committee, and that the Court had been specially summoned, in order that they might now be put in possession of the same.

And the letter abovementioned having been read;

The Chairman further stated, that he had this day received a private letter from Mr. Grant, enclosing a copy of his letter of the 12th instant, with some alterations which he was desirous of having introduced; and

The several alterations having been read,

The Court agreed that the same be introduced into the letter received from Mr. Grant on the 13th instant; and that the said letter, so altered, be considered as Mr. Grant's reply to the Secret Minute of the Committee of Correspondence, before referred to.

It was then

Ordered, That the letter from Mr. Grant of the 12th instant be referred to the consideration of a Committee of the whole Court.

The Chairman submitted the draft of a letter to Mr. Grant, assuring him that no delay which can possibly be avoided shall be permitted to occur; but expressing the trust of the Court, that they shall be allowed sufficient time for the calm and deliberate consideration of the subjects treated of in the papers received from him, having reference to the new arrangement which it is proposed to make with the Company; and requesting further information upon certain points, respecting which the communications from him do not appear to be distinct:

And the same having been read, it was

Resolved, That this Court approve the said draft of a letter to Mr. Grant.

No. XI.

LETTER *from the Right Honourable* CHARLES GRANT *to the* CHAIRMAN *and* DEPUTY CHAIRMAN.

India Board, February 12, 1833.

GENTLEMEN:

No. XI.

Letter from the Rt. Hon. Chas. Grant, 12 Feb. 1833.

ON my return from Scotland, I found the letter which you did me the honour to transmit to me on the 3d of last January, with a copy of a Minute of a Secret Committee of Correspondence of the 2d of the same month, on the Memorandum or Paper of Hints sent by me to the Chairman on the 17th of December 1832.

I much regret that I have been prevented by my absence from returning an earlier acknowledgment.

I have, however, lost no time in laying the Minute before Lord Grey and the other Members of the Government. It has engaged our earnest attention, and the result of our deliberations I have now the honour to communicate to you.

I beg to return my thanks for the candid manner in which the sentiments of the Secret Committee are expressed, and to assure you that it shall be my endeavour, in my observations on the momentous topics under consideration, to maintain the same spirit.

The Memorandum which I transmitted to the Chairman was simply what it professed to be,—a mere collection of hints, unaccompanied by explanation or commentary. I was sensible that the addition of these might, in some respects, have been desirable; but I conceived the deficiency to have been, in a good degree, supplied by the verbal expositions which, in the conference between you and Lord Grey and myself, had been given of the general considerations connected with the propositions submitted to your attention.

Since, however, it is the wish of His Majesty's Government that those propositions should be brought before the Court of Directors, and ultimately, perhaps, before that of the Proprietors, it seems expedient that the considerations also, by which they are recommended should, at the same time, be submitted distinctly, though with as much brevity as may be possible, to the view of those respective bodies.

Accordingly, while I feel it necessary to advert to some of the main topics treated or referred to in the Minute, I shall interweave my comments on them with

with statements and observations tending to shew, and as I trust, to justify, the views and considerations that have led the King's Government to these conclusions which are embodied in the most leading and essential of the propositions submitted to you.

In following out this intention, it will be expedient that I should distribute what I have to offer into two divisions, suggested, as I think, by the subject itself.

In the first place, I will apply myself to that part of the plan proposed by Ministers, which provides for the future disposal of the trade which the Company now conduct, and of the political powers and functions which they exercise.

These are the points referred to in the first and second propositions of the Memorandum.

In the second place, I will direct my attention to the leading principles of the arrangement, by means of which His Majesty's Government propose to carry into execution the objects intended under the first head; such arrangement relating to the disposition of the Company's property, and to the provision to be made for the interests of the East-India Proprietors, on the one hand, and for the territorial interests connected with India on the other.

These subjects are comprized in the third and fourth propositions of the same paper.

I must observe, that the two branches into which I thus divide the topics of inquiry are, in some respects, connected together, and that therefore it will not always be possible, nor, as I conceive, necessary, in discussing them, to maintain the separation between them with perfect exactness.

First, we have to consider, in their main principles, those parts of the plan which relate to the future government of our Indian empire, and to the future arrangement of the trade with India and China.

I have here named these topics in what I consider to be the order of their comparative importance; but they are, in fact, intimately united. The establishment of an advantageous system of trade with the regions of the East, though primarily to be desired on account of the manufacturing and commercial interests of this country, is hardly less material to the well being of our eastern subjects; and, on the other hand, the establishment of a just and benignant system of administration over the territories of British India, an object of the last moment to the nations who inhabit them, is, at the same time, not only most important to our national honour, but must, in several views, reflect

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reflect back on us the benefits which we bestow; and, among other considerations, cannot but essentially minister to the commercial and manufacturing interests more immediately consulted under the former head of arrangement.

After a full and anxious deliberation, it appears to His Majesty's Ministers that the system of political administration which has been established in India, and which is exercised through the organ of the Company, although under the control of the national authority at home, has, notwithstanding too much of past defect and error, and in spite of much remaining imperfection, secured to the inhabitants of India so considerable a measure of those advantages which it is the proper object of Government to confer, and evinced so much susceptibility of receiving the improvements suggested by experience and reflection, that they would not be justified in lightly proposing to effect any alteration or disturbance of that system in its essential elements.

The preservation of the system seems, at the same time, to be collaterally recommended, by considerations of some moment to this country in a constitutional point of view.

Under any arrangement, a considerable share of the political patronage of India must, for some time at least, be dispensed from this country; and, by the arrangement actually existing, that patronage is lodged in hands which may possess it without exciting public or popular jealousy.

On these grounds, His Majesty's Ministers conceive it desirable that, subject to the changes and modifications suggested in the Memorandum, the East-India Company should retain the exercise of their political powers and functions. The changes and modifications to which I refer will doubtless be dispassionately considered by the Directors and Proprietors; and, so considered, I feel satisfied that, while they will appear both right and expedient in themselves, they will, at the same time, be felt not to constitute any obstacle to the retention by the Company of their political capacity.

The subject of the Company's trade has been regarded by His Majesty's Ministers with the same anxious attention as that of their government.

And here, while they are ready to pay every acknowledgment to the public spirit and the exertions of the Company in their commercial character, and while they are far from denying that there have been periods in which the commercial regulations of that body might be proper, or even necessary, they cannot but think that, at the present day, a very material change of system is advisable.

The trade of the Company with India has, I need not observe, already much

much declined; or, to speak more correctly, has for some years virtually ceased to exist. For the transactions of a mercantile nature which the Company still carry on are confined to the purposes of making remittances to England, and of supplying military and political stores to India; purposes wholly unconnected with the properly commercial interests either of the Company or of their subjects in the East. I do not now enter into the consideration of these objects, further than by stating that they may, in the opinion of the Government, be sufficiently consulted, without involving the necessity of persevering in a course of commercial operations, confessedly not recommended by any intrinsic advantage.

His Majesty's Ministers therefore see no evil in looking forward to a total cessation of those operations, so soon as they can cease consistently with a due regard to existing transactions.

In so viewing this subject, they are not swayed by any ideas, purely theoretical, of the incompatibility of the functions of a corporate trade with those of a Government, but by a careful observation of the practical effects of the blended system of trade and Government which has prevailed in India; and they are convinced that the release of the Company, whenever this can conveniently take place, from the peculiarities imposed on their arrangements and proceedings, by their dealings, in the nature of commerce, with their own subjects, will very materially contribute to the efficiency of their political administration.

The trade of the Company, however, with India is not privileged, and it is conceived that no further enactment regarding it is necessary. It may be left to its fate under the operation of a new order of things. Any question, therefore, that now arises touching the Company's trade, must relate only to China.

This question, His Majesty's Ministers are well aware, is one of great delicacy as well as importance. They admit that, while our established system of China trade is ably assailed, it is defended also by arguments of no small cogency. They are sensible that no extensive change, however beneficial in general, can take place in a large system of commerce, without local and temporary inconvenience.

Yet, under a full sense of the extent of these admissions, they are, after much deliberation, led to the conclusion, that the interests of the nation will best be consulted, by no longer making the trade of this country with China the subject of exclusive privilege.

Such generally are the wishes and intentions of His Majesty's Government

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on the two main questions,—the political administration of India,—and the British trade with China.

To both these questions the Secret Committee have addressed themselves in their Minute; and on both it will therefore become me to offer further comments.

With regard to the government of India, however, since it is not proposed to deprive the Company of their political functions, I need not enter into any explanation; except in reference to some difficulties which, if the plan of ministers take effect, will, in the apprehension of the Secret Committee, embarrass the exercise of those functions by the Company.

The Secret Committee justly observe, that "it will, of course, rest with the "Court of Directors to consider, when the proposals matured by His Majesty's "Government shall come before them, whether they will be such as will "justify the Company's undertaking to administer the Government of India "for a further term."

But the Secret Committee add, "It can scarcely be necessary for the Com- "mittee to point out to the King's Ministers, that an indispensable preli- "minary to any such arrangement would be, that the Company should be "secured in the regular supply of funds to defray the territorial payments in "England, amounting to between two and three millions annually."

The important topic brought under view in the last passage I shall have occasion to discuss fully hereafter; but I am not willing to pass it without notice in the connection in which it here stands. I shall, however, only remark,—first, that the funds requisite to meet the expenses of the Indian empire must be sought, and will be found, in the resources of that empire itself;—and, secondly, that the means of making available in England any part of those resources, will be furnished by some of the different modes of remittance which are usual in the commercial world, and which are never found wanting where remittance is required, either for commercial or political purposes.

With regard to the opening of the China trade, the Secret Committee very fairly state the objections which, on various grounds, they feel to that measure, and the hazards and evils which they foresee as its inevitable consequences.

It is due to the Secret Committee, no less than to His Majesty's Government, and to the subject itself, that I should not omit this opportunity of adverting to some of the observations of the Secret Committee, in the hope that, at least, it will appear that the Government has not embarked on this plan without having

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weighed it in all its bearings and relations, in its possible consequences,—for evil—as well as for good.

It is fortunate that, respecting the trade with China, ample materials of judgment are before the public. They are to be found in the papers printed for the House of Commons in 1813, in the various publications which have recently appeared on both sides of the question, and in the reports of the Committees of both Houses of Parliament printed in 1830, with the accompanying evidence. These documents exhaust the subject. They comprehend especially the arguments that can be adduced in favour of the existing system, and in deprecation of any departure from it. Of the latter class of arguments the Minute contains a correct summary. It appears, however, to the Government, that, of the arguments so relied on in the Minute, some have become obsolete by lapse of time and change of circumstances, and that the others, resting chiefly on probabilities and anticipations, are either overpowered by a fair estimate of probable contingencies on the opposite side, or, so far as they have weight, are to be regarded in the light, not so much of objections against the measure, as of warnings and suggestions for the safe and prudent accomplishment of it.

The opening of the China Trade could never have been considered except as a question of time and circumstance.

The exclusive privilege of the Company is not an ultimate object. It is to be regarded as the means to an end,—as the gradual and guarded preparation for a more diffusive commerce:—and it was not without a reference to this view of the subject, that Parliament, by granting at successive times the Charter for a term of years, provided for a periodical revision of the arrangement adopted.

It must be observed, further, that during a course of years, circumstances of various kinds have been conspiring to work a relaxation of some of the restrictions which existed at the commencement of the present Charter, and to prepare the way for the removal of those that remain.

On both the last occasions of the renewal of the Charter, the exclusive privileges of the Company have been diminished.

In 1793 some participation of the India Trade was permitted to the nation, though certainly not to a great extent. In 1813 the restrictions on the Indian Trade were so greatly relaxed, that, so far as concerns principle, it may be said to have been opened. Since 1813 several laws have been passed, partly giving more scope, on specific points, to the British commerce with India,

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partly enabling the Company to trade beyond the limits to which they were previously restricted.

These successive modifications of the privileges of the Company have naturally created an expectation that, on the expiration of their subsisting lease, a further relaxation would take place. I admit that it would be equally weak and culpable in the Government to yield to this expectation merely because it exists. Still more criminal would be their conduct, if they proposed to surrender any just principle of commercial policy to ignorant or interested clamour. But the truth is, that the events of late years have forced on the majority of thinking and practical men a sense of the absolute necessity of some material mitigation of the restrictions of our commercial code, and that the improvements which have in consequence been adopted, have tended to confirm and disseminate the feelings and opinions in which they originated. The prepossession, therefore, if so it may be called, in favour of a more open trade to China, though not necessarily just, has a warrant in recent experience, and in the judgment of minds conversant with the subject of commerce in general.

Under these circumstances, His Majesty's Ministers feel that, if the restraints on the China Trade are to be continued, their continuance can be justified only on the clearest and strongest grounds.

It must be unnecessary to argue, and yet it is not to be forgotten, that in the case of this trade as of every other, the presumption is, that the extent of the dealings, and the national benefit resulting from them, will be in proportion to the opening afforded to capital and adventure to embark in the trade. Unless that presumption can, in this instance, be shown to have no place, the circumstances of the country undoubtedly call for a revised system.

Great Britain has now to contend, not as during her two last wars, with one competitor, but with many. The European nations have engaged ardently, and some of them for the first time, in the prosecution of general commerce; which continues also to be carried on by the United States of America with their characteristic energy. On the other hand, new and extensive accessions have, of late years, been made to the commercial market of the world. Our Australian Colonies, Mexico, South America, the Pacific with its Islands; to say nothing of the change of circumstances, political and commercial, which has occurred in India itself, and in the countries occupied by the Indo-Chinese nations. The opportunities thus afforded ought to be the most advantageous to that people which has the pre-eminence in capital, credit, and experience; but such opportunities cannot be fully turned to account, unless the merchant

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is allowed to carry on his transactions with different parts of the world in mutual connection and subserviency. The exclusion, therefore, of the nation at large from a particular mart of trade, and especially from one so situated as China, is injurious beyond the limits of the immediate evil, by narrowing the general sphere of commercial exertion, and breaking the continuity of the operations essential to the full prosperity of our foreign trade.

To these observations the first answer will be (indeed, that answer has already been given in the Minute by anticipation), that there is no prospect of an increased demand in China for British manufactures, and consequently, that any hopes of an extension of our China trade, in that respect, are wholly visionary.

In place of entering on the wide and debateable ground of discussion which this argument would open, I cannot help referring to the employment, and to the fate, of a parallel argument in another instance.

When it was proposed, in 1813, to open the India trade, the Company strongly asserted the impossibility of extending the use of British manufactures in India. The argument was, indeed, pressed, in that case, still more urgently, and greatly more in detail, than on the present occasion. It was propounded by some of the most honest, able, and enlightened persons that ever laboured in the service of the Company abroad, or guided its councils at home. It was supported by the production of a vast, and, in many respects, valuable body of evidence, proving that every effort had already been exhausted to promote the consumption of our manufactures in the East, and that the final limit to such consumption had obviously been attained.

The representations to which I refer were not without a great mixture of truth. The Company clearly shewed that much had been done in extending the export trade in question, and that no sudden or exuberant increase of that trade could, under any circumstances, be expected, Their statements, and the accompanying evidence, probably produced a wholesome effect, in correcting to some extent the extravagant hopes of speculators, and in enforcing, at least, a degree of caution on the early adventurers in the newly opened trade. But, in point of fact, their main position,—the impossibility of an augmented use of British commodities in the East.—has been practically refuted. The patient, thrifty, dexterous assiduity of private and untrammelled enterprize, has actually achieved what was then pronounced impracticable. I enter here into no particulars, the fact being undisputed.

Among those who, in 1813, were swayed by the apparent force of the argument in question, and by the eminent authority of those who urged it, I must

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place myself, then new to such subjects. At this moment, I might possibly have questioned its correctness, even under the same circumstances. Experience and observation have taught me never to distrust the power of commercial capital, when free from artificial impediments, to open for itself fresh markets, and to scoop out new channels of operation. But, from the actual issue of the experiment in the instance alluded to, there can be no appeal. It serves to render wholly inconclusive all arguments, proceeding on similar grounds, and pointing to the same results.

I must, therefore, be permitted to dissent from the opinion, that it is chimerical, under any circumstances, to expect an augmented demand for British manufactures among the Chinese. It does not follow that I calculate on any prodigious or instantaneous increase in that demand; nor is the plan which the Government propose founded on any expectation of such an event.

I proceed to the second topic touched on by the Secret Committee, relating to the probable effect of the opening the trade with China; not indeed on the export, but on the import branch of it.

They contend,—and this also, I may remark, was contended in 1813,—that the admission of private adventure into that trade will be followed by a deterioration of the quality of the tea brought to the British market; and, in the next stage, by a defalcation of the large revenue now realized with singular cheapness and regularity from that article.

On the first of these points, the expected deterioration of the teas to be imported, I cannot altogether enter into the apprehensions expressed by the Secret Committee. That the Company, indeed, have taken great pains to ensure the goodness of the teas which they import, and that their efforts for this purpose have been very successful, I cheerfully concede. In this instance, as in several others, the public spirit and the attention of the Company have prevented what might have been thought the natural result of their exclusive command of the market. But the great principle still remains, that the best security for the goodness of a commodity is to be found in the rivalry of the dealers in it; and there seems to be no reason for distrusting the rule in the present case.

I do not mean to deny, that the opening of the trade may, in the first instance, be attended with the effect supposed. The introduction into any trade of a number of competitors has, perhaps, an immediate tendency to augment the quantity of the supply at the expense of its quality; but the very competition which produces this evil corrects it in the sequel. On no other

principle

principle than this do we depend for the excellence, in point of quality, of the immense mass of commodities imported by our general commerce.

The argument drawn from the importance of the present system of the tea trade to the national revenue, and from the jeopardy in which a portion of our revenue would be placed by a change, though quite relevant, and though one of grave importance, is perhaps matter for the consideration of the State, rather than for debate between the Company and the Government.

I will only remark, therefore, that great as the fiscal benefit derived from the tea trade undoubtedly is, the argument in question is not decisive, unless it can be shewn that an open trade is, on the whole, likely to produce less of that surplus profit which is the only fund out of which revenue can for a continuance be drawn, than a trade managed under exclusive privilege; a proposition which I should hold to be inadmissible. In touching, however, this subject so briefly, I must not be understood to treat it as of light moment. There is, on the contrary, no part of the present question, to the importance of which His Majesty's Government are more alive, or with regard to which, in the event of the opening of the trade, they more deeply feel the necessity of making careful provision.

Before I quit the immediate subject of the China trade, I must observe that, even supposing the direct trade between England and China not to be extended in the degree which has been anticipated by many well-informed and enlightened men, there is yet another very important branch of commerce which the opening of China is likely considerably to advance and extend, namely, the trade between that country and British India. And, just in proportion as that trade may be extended, and as remittances through the medium of it, from India to England, may be facilitated, the prosperity of the former country, and its value as a customer to the latter, must be enhanced. The commercial dealings of the three countries are, indeed, so closely connected, that any view of the question relative to China which excludes the consideration of India, must be essentially defective. Now, in India we have found an abundant demand for British staples. That which is wanted is a corresponding return: and should this be more extensively furnished through the medium of the China trade, the interests of England would be materially promoted, even though the amount of British imports into China remained the same. Nor ought we to overlook the peculiar nature of the article which forms the main export of China to England. It is one yielded exclusively by that country, and it is one of general consumption among the labouring classes of this. The extended supply of it, therefore, while it can have little or no tendency to interfere

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fere with the produce of our other customers, is singularly calculated to give new scope and value to the productive industry of Great Britain.

I must now enter on another topic suggested by the Secret Committee, and one to which the Company have certainly a very good right to call the attention of His Majesty's Government. It is, indeed, a topic familiar to those who are conversant with the controversies relating to the present system of Chinese trade. The Secret Committee apprehend that the opening of the trade will be productive of no small hazard to the continuance of our relations with the Chinese people.

In entering on this subject, I need hardly state that, supposing the China trade opened, it would be necessary that there should be stationed at Canton, by the appointment of the Crown, some officer or officers, invested by law with adequate powers of supervision over all British subjects resorting to China.

The opinion of His Majesty's Government is, that a Chief and Council should be the functionaries so to be appointed, under provisions and regulations, a consideration of which does not belong to this place.

The present head of argument, like most of those to be found in the Minute of the Secret Committee, was prominent during the discussions of 1813. Opinions of weight were delivered on both sides; and though the determination of the Legislature to grant to the Company a fresh term of their exclusive privilege so far as respected China, chiefly proceeded on other grounds, I am far from contending that the reasonings of the Company did not produce considerable impression, or even that it may not, at that moment, have been prudent to confine, in the first instance, the measure of a free trade, then about to be tried, to the ports of India.

The Government, however, are satisfied that it would now be proper to extend the relaxation to the commerce with China, even supposing that no events had occurred, during the subsistence of the present Charter, to throw light on the particular question under consideration.

Admitting, for the sake of argument, that a freer resort of British adventure to the shores of China might somewhat increase the chance of broils between the adventurers and the natives; admitting further, that the jealousy of the Chinese might be even more sensitive under the new system than under the old; and lastly, admitting that a representative of the British nation might be less qualified to deal with the overt acts or secret workings of such jealousy, than commercial functionaries acting under the Company; yet the Government would by no means despair of combating these difficulties, by regulations carefully

carefully contrived and vigilantly enforced, aided by the powerful influence of those mutual considerations of interest, which alone gave birth to the trade between the British and the Chinese, and which, in spite of all past impediments, have fostered and promoted that trade up to the present hour.

In point of fact, however, a view of the present state of the British commerce and intercourse with Canton, and a reference to recent occurrences at that port, may lead to a doubt whether the Company justly estimate the nature and extent of the dangers to which the British interests are, even under the existing system, exposed.

On the discussions which have unfortunately taken place between the Canton Government and the British Factory, I will offer only a passing remark. Those discussions, perhaps, illustrate the hazards which beset our intercourse with a people so peculiar as the Chinese; but let me not be thought to draw from them an invidious inference, when I observe that they also authorize a question, whether the present system does, indeed, furnish so effectual a safeguard against the hazards alluded to, as is sometimes contended. I do not say that the Factory did not act with all the firmness and wisdom which the emergence demanded; but if, in spite of the exertion of such qualities, the British interests on the spot have barely escaped destruction, and if the actual position of those interests is universally felt to be most precarious, there may surely be some room to distrust the sufficiency of the guardianship to which they are confided.

This is not, however, the point to which I here principally refer. The country trade carried on between the principal ports of India and that of Canton has now attained a considerable height, and appears to be still increasing. It cannot fail to increase with the advancement of the commercial resources of India. That trade has not only brought private British ships to the Canton river, but has led to the stated residence at that town of a number of British merchants, mostly independent in circumstances as in character, possessed of much capital, and distinguished by British spirit and enterprize. Besides these residents, the British society in Canton is, for a great portion of the year, increased by a fluctuating body of individuals connected with the trade from India to China. The actual tonnage engaged in this trade is superior in amount to that which the China trade of the Company employs. The value of its imports into Canton increased from Dollars 9,897,000 in 1813-14, to Dollars 31,368,000 in 1829-30; that of the Company's imports being in 1813-14 Dollars 13,550,700, and in 1829-30 Dollars 11,665,000. It is true that this private trade is carried on under special licenses from the

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Indian Governments, and that the individuals conducting it are bound to obey the directions of the local representatives of the Company. It is also true, that they cannot trade beyond the limits of the Company's Charter; but, subject to these limitations, the trade is conducted with the freedom of private adventure. It is supported by British capital, and its ramifications are spreading in India, and, though not ostensibly, in Great Britain.

The subordination of this community of merchants to the Factory, though obligatory in point of strict right, rests chiefly on mutual good-will and prudence; and it would, probably, be only in a very strong case that the Supracargoes would attempt to deprive any one of its members of his license. What, even in such a case, might be the result of the attempt does not seem quite certain.

There is every reason to suppose, as I have already said, that the amount and importance of this trade will increase; and such an event, supposing the exclusive privileges of the Company in China to be continued, cannot but materially influence the relative position of the free traders on the one hand, and the local establishment of the Company on the other.

The free trade and the trade of the Company now move in different spheres; and, except as respects some of the articles of import from India to China, there does not appear to be any room for competition between them. The traders are, in fact, on good terms with the Company's servants, and they acted in concert with the Factory on occasion of the late differences with the Government of Canton. But the growth of a body of free adventurers under the wing of an exclusive commerce is not unlikely to lead to consequences of moment; and the division of the British residents at Canton into two commercial classes, so differently constituted and characterized, cannot but add to the embarrassments incident to the relations between the British and the natives. The free traders appear to cherish high notions of their claims and privileges. Under their auspices a free press is already maintained at Canton; and, should their commerce continue to increase, their importance will rise also. They will regard themselves as the depositaries of the true principles of British commerce, and the feeling of submission which they now manifest towards the authorities of the Factory may gradually be expected to give place to one of rivalry, if not of hostility.

I may overstate the probability of these results; but I can truly say, that the anticipation of them has not been suggested to me by the pending discussion between the Company and His Majesty's Government. On the contrary, it has repeatedly been impressed on my mind, during the consideration

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especially which recent events in China have led me to give to this important subject, that our position in that country, under the present system, is very far from secure or satisfactory; that while we fix our eyes on the contingencies which twenty years ago threatened it, we are too apt to overlook those new and nearer dangers which are gathering round us from within and without; and that, in a word, some change and recasting of parts must soon become indispensable.—I thought it certain, that, even if Parliament resolved to continue the exclusive system for a fresh term, yet causes were at work which must, even before the close of the term, supposing it of reasonable duration, practically put an end to the system, either by silent dissolution or by forcible overthrow; or perhaps, in succession, partly by the one mode, and partly by the other.

Under this conviction, I felt it my duty to entertain the question which could not fail, in any case, very shortly to arise, whether we ought not to station at Canton some official authority independent of all parties, and unconnected with commerce of any kind.

That question will, of course, be disposed of by the opening of the trade: and with it may be dismissed many apprehensions which, without meaning to colour them too highly, I conceive to be at least as well founded as those indulged by the Company in reference to the disorders which an open trade may be expected to produce.

There is but one further subject which it seems to me necessary to consider, in relation to the China question; but it is one of the greatest importance.

Among the principal reasons for the continuance of the exclusive privilege to the Company in 1813, the most effective was drawn from the peculiar relation of the China trade, as conducted by the Company, with the financial system of India. This ground is again assumed by the Secret Committee.

"With respect to the cessation (they observe) of the exclusive privilege, "whilst it will be the duty of the Company to bow to the wisdom of Parlia- "ment, the Committee feel it right to state, for the consideration of the King's "Ministers, that the discontinuance of that privilege involves a most essential "change in the financial system upon which the affairs of India are now "administered, since it is the exclusive trade with China which, to a great "degree, furnishes the Indian Territory with a safe and very beneficial channel "of remittance of the funds required in England to defray political charges, "and which has also afforded to the Territory a large amount of direct pecu- "niary aid, under the fourth head of appropriation of profits, specified in the "57th Section of the Act of 53 Geo. III. Cap. 155.

"If,

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" If, instead of receiving these advantages, India had been called upon from " year to year to provide funds to repay the full amount disbursed by the " Company, the public debt of India since 1814 would have been upwards of " seventeen millions sterling more than it now is, exclusive of the balance due " on account of the commercial branch, and which, with interest, is computed " at five millions. When this important fact is considered in reference to the " pressure with which the Government demands already bear on our native " subjects, notwithstanding the searching measures of economy which of late " years have been introduced into all branches of the Indian administration, " the Committee cannot but hope that His Majesty's Ministers will pause, " before they consent to deprive India of the great advantage of the China " trade as now conducted."

On this argument it may be observed generally, that the weight to be given to it depends entirely on the view taken of the possibility of supplying the resources in question by other means, less onerous to the people of the country. If the principle were admitted, that the expense of remittance is to be saved to India, and also that the deficiency of the Indian revenue is to be supplied, and that all this is to be done at the cost of England, we should then merely have to consider whether the aid requisite for these purposes should be afforded directly by a grant of British money, or, as heretofore, indirectly through an enhancement in the price of tea.

But His Majesty's Ministers are by no means prepared to admit that principle; they cannot consent that India shall habitually lean on England for financial aid. The nature of the question is, indeed, materially altered since the period of 1813. At that time, no separation of accounts had been effected; there existed no sufficient means of solving the problem, whether the territorial branch required any and what assistance; and in order to meet a contingent and uncertain demand, it may naturally have been thought expedient to reserve a resource which could readily be adjusted to the exigencies of the moment. In 1813, further, the opening of the trade to India was an untried experiment, and the Government and Parliament of the time must, in that circumstance, have seen a powerful reason for not placing simultaneously in a new position, the other great branch of commerce on which they had to depend for the realization of the funds required to be remitted from India to England. They could not doubt that if private merchants were to conduct with regularity and success the trade which had belonged to the Company, the means of remittance could be found through the former, as surely and as advantageously as through the latter;—But it was not in their power to act

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on the full assurance which His Majesty's Government now entertain, that, by the entire discontinuance of the exclusive system, the general trade would be benefited and not injured. And further, they contemplated the possible occurrence of uncertain demands on the Home Treasury, which are not now to be apprehended, and which, in fact, touch the question of supply, rather than that of the transfer of existing funds.

We are now placed in very different circumstances. The trade to India is no longer the subject of debate. On that of China, His Majesty's Government have seen abundant reason to believe that, by being opened, it will be promoted rather than impaired; and ultimately, they cannot doubt of its being materially increased. The financial condition of India has now been thoroughly examined; and while, on the one hand, Ministers feel persuaded that, under a system of free trade, the means of remittance will be facilitated, they, on the other, hold it to be their bounden duty, to require that India shall not be allowed to be a permanent burthen on the finances of England.

The question of remittance has no necessary connection with that of deficiency of Indian revenue. It would equally arise, howsoever large might be the surplus revenue of India.

If our accounts were framed on proper principles, the surplus or deficit of that country would be exhibited only after a distinct allowance for any loss sustained in exchange between India and England, just as on remittance from one part of India to another. This principle it will be useful to maintain steadily in view; but both questions may be kept clear of extraneous entanglement; and I would not be understood as denying to the China trade, as conducted by the Company, the merit claimed for it, namely, that it has both discharged the cost of remittance, and also supplied the deficiency of the revenue.

But I must remark, that in both respects this object has been effected by the surplus profits of the trade, and that these surplus profits have been drawn from the people of this country, constituting as truly a tax on them as any of the national imposts properly so called. The seventeen millions, for example (admitting for the sake of argument the amount to be justly stated), by the supply of which through the China monopoly, it is observed in the Minute, that the public debt of India has been kept down, have been contributed out of the resources of this country, as certainly as if they had been appropriated by a vote of Parliament in aid of the Indian finances.

As to the means of remittance, assuming the funds to be actually forthcoming in India, it seems to be clear, both from experience in analogous cases,

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and from the evidence taken before the Committee of the House of Commons, that no difficulty can be anticipated in effecting a transfer of them by the channels of general trade, on terms fully as favourable as those which the Company's commerce can afford. The facility will even be increased, if, as may be hoped, the general trade should increase under the new arrangements. The China trade itself will become more and more available for the end in view; and the probability is, that there will be an improvement of exchange, though not so far as to equal the rate now applied to the accounts between the two branches of the Company's concerns. It should, however, be remembered, that the advantage given to territory by the adoption of an arbitrary rate is, in truth, not a gain upon the exchange, but a portion of commercial profit applied through that medium to the use of the territory, and ought to be considered as a part of those regular charges for which India, and not England, is answerable.

So also with regard to the actual deficiency of funds in India to meet the necessary expenses of the Government. There has certainly been such a deficiency, and it has been supplied by the means above stated. Whether to the extent of seventeen millions or twelve millions (the latter is the amount in the Appendix to the Report of 1830) or any other sum, it is not necessary here to enquire. But the mere fact of a deficit having hitherto existed, is no proof that there will always be a deficit in future. Yet this is assumed in the argument of the Secret Committee, and is more distinctly stated in a subsequent part of the Minute. In reference to the plan of charging the annuity of £630,000 on the Indian revenues, they observe, that "there is little "prospect that India, when deprived of the advantages of the China trade, "will be able to pay it."

I cannot but suggest, that this conclusion has been drawn from inadequate premises. A floating, but a regular, deficiency has hitherto been found to subsist in the Indian revenue; and the void has as regularly been supplied from other sources, without difficulty and without disturbance. The accommodation has proved most useful; but it may be apprehended that the very existence of a resource, so constant, so effectual, so readily and quietly applicable, has tended to create the evil which was to be remedied. I mean no particular reflection on any of the local Governments of India in past times. It was natural that they should not be very rigorous in repressing an expenditure, the excess of which the commerce was ever ready to feed.

The opinion which I have here stated is now, I believe, very generally entertained: it is not, indeed, without some countenance, even from the

Minute

Minute of the Secret Committee. If " the searching measures of economy," to which that Minute alludes as having " of late years been introduced in all " the branches of Indian administration " had earlier been applied, there can be no question that much of the necessity of a resort to extraneous succour would have been averted; and I feel as little doubt that those measures, or others of the same nature, would long since have been enforced, had not the desired succour been always at hand. In this view, the experience of the past, though unfavourable, may sanction better hopes as to the future. Once cut off the resource of the surplus profit, and the administrators of the Indian revenues will find themselves compelled to confine their expenditure within the limits of their proper income.

In this place it is right to mention, that the Government plan, if carried into effect, would not, as appears to have been apprehended, involve the augmentation of the present Indian Debt, nor impose any new burthen on the Indian Resources.

It is proposed to invest the proceeds of the Company's property in the purchase of the existing Indian Debt, to the amount necessary to secure the promised Dividend, and to place the East-India Stock-holders in the room of the Creditors so purchased out. The effect would be, not increase, but substitution. It is further intended to make this substitution in a manner peculiarly advantageous; namely, by redeeming, in the first instance, the remittable debt, which is, you are aware, held by conditions peculiarly unfavourable to India.

The proposed annuity, therefore, is not by any means to be regarded as a fresh burthen on the Indian resources, for which India will receive no financial equivalent, but as an outgoing, for which compensation will be derived through the medium of the Commercial funds of the Company, applicable to the use of the Territory, and ultimately operating to the reduction of the Indian Debt. This plan, therefore, instead of impairing, will tend to improve the general resources of our Eastern Empire.

With respect to the competency of India to answer all the just demands on her Exchequer, no rational doubt can exist. A revenue which, notwithstanding fluctuations, has during the last twenty years been steadily progressive—which, estimated according to the Parliamentary rates of Exchange, has now reached the annual amount of twenty-two Millions, and which promises still to increase; a territory almost unlimited in extent; a soil rich, fertile, and suited to every variety of produce; great resources not yet explored; a people, generally speaking, patient, frugal, laborious, improving, and evincing both desire and capacity of further improvement; these, I think, are sufficient pledges that

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our Treasury in the East will, under wise management, be more than adequate to meet the current expenditure.

These anticipations may be deemed too sanguine; but it must be observed that, in indulging them, I am assuming that the system of retrenchment now in operation throughout the different departments of the Indian administration, shall be followed out with wisdom and with steadiness, and that the resources of the country shall be fostered both by active encouragement and by judicious forbearance on the part of the governing authorities. On these suppositions, and considering moreover how greatly, and even extraordinarily, our political position in that quarter has been improved, and our empire consolidated, during the currency of the present Charter, it is, I think, no extravagant conjecture, that the financial condition of our Indian dominions will gradually advance, and not with an operation injurious to the people, but in perfect harmony with the progressive development of the national powers and capabilities. Such, surely, are the results which we may hope to see realized in that country, under the sway of a Government exclusively devoted to the administration of its territorial concerns, and watched and seconded by a constituted body bound up in interest with its territorial prosperity.

Having now given some exposition of the train of thought by which the Government have been led to the conclusions embodied in the first two propositions of the Paper of Hints, I proceed, secondly, to consider the particular arrangement under which it is proposed to accomplish their purpose.

The third and fourth propositions in the Paper of Hints are as follow:—

"The Company's assets, commercial and territorial, with all their posses-
"sions and rights, to be assigned to the Crown on behalf of the Territorial
"Government of India.

"An annuity of £630,000 to be granted to the Proprietors, to be paid in
"England by half-yearly instalments, and to be chargeable upon the terri-
"torial revenues of India exclusively, and to form part of the territorial debt
"of that country, not to be redeemable before the 30th April 18..; and
"then, at the option of Parliament, by the payment of £100 for every £5. 5*s.*
"of annuity."

"These propositions," it is observed in the Minute, "appear to the Secret
"Committee of Correspondence to involve in substance the abolition of the
"East-India Company, and the surrender by them (for it cannot be contem-
"plated to deprive them) of all their rights, privileges, and property, for no
"other compensation than the chance of receiving, after every other terri-
"torial demand shall have been satisfied, a dividend of 10½ per cent., for a
"term

" term whose length is not stated, and which, whatever the term may be, " there can be little prospect that India, when deprived of the advantage " of the China Trade, will be able to pay."

On that part of this passage which refers to the security for the proposed dividend, I trust no long discussion can be necessary. Though it be made the last clause of the Committee's objection, I notice it first; because, if the impressions of the Secret Committee should prevail with the Court of Proprietors, I regret to say that there can be little hope of a satisfactory settlement. But I have already expressed the sentiments of the Government on the subject, and I cannot doubt that the justice of those sentiments will, on consideration, be generally admitted.

I must further remark, that the Secret Committee have materially misapprehended the provisions of the plan, if they suppose it to be meant that, when the Proprietors shall be placed on the territory of India, their annual dividends will be postponed to those of other territorial creditors. They will have the same plenary demands on the State with all other public creditors, and will stand precisely upon equal grounds. They will no more come last, than they would come last in England if they had bought into the Consols. I have, indeed, before explained, that they would not constitute a new body of creditors, but only be substituted for creditors already existing.

With regard to the claims which the Secret Committee prefer on behalf of the Company, in whatever manner they may be adjusted, yet for the liquidation of them the Company surely cannot look beyond the property and revenues which they have hitherto administered. To the continuance of a monopoly of the China Trade, or to a share in any tax to which the consumers of tea may be subject, it will not be contended that they have any claim on the ground of right.

As little can the notion be entertained of casting them upon the general revenues of England. But I have the happiness of believing that the security offered to them is open to no reasonable impeachment; and, deeming it superfluous to dwell on this topic, I shall, for the present, content myself with the expression of my regret, that the Secret Committee should have admitted into their Minute the declaration which I have quoted. I must however add, that in proportion as the plan is advantageous to India, the value of the security will be enhanced. I will, therefore, before I consider specifically the points at issue, briefly advert to some of the circumstances which recommend the plan of the Government.

The plan, as I have already explained, involves no increase of Indian debt

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or of charge on the Indian resources, but simply the substitution of one set of public creditors for another; and that, in a manner peculiarly advantageous to India, by the purchase, in the first instance, of the remittable debt.

While, therefore, with regard to England, it involves no expense, its financial advantages with respect to India are more than negative. It removes the pressure of a liability, which it might be difficult to find another opportunity of so conveniently discharging. It secures to the Proprietors of East-India Stock their dividend:—It not only preserves them in a separate character, thus continuing the connection between the Directors and the Constituency by whom they are elected, but it knits that connection more closely:—It identifies their interests with those of India, by giving them a direct and immediate money interest in its good government, and thus qualifies them, in a decidedly greater degree than hitherto, for the duties assigned to them in the system of Indian administration:—It relieves, at the same time, the Directors from many avocations, which can scarcely fail to withdraw their attention from the duties which belong to them as the rulers of a vast empire;—and thus, while it is directly beneficial to the Indian finances, it affords new and stronger securities for that good government, on which the prosperity of the finances, not less than of all the other interests of India, must mainly depend.

Reverting to the general scope of the passage of the Minute under consideration, I have to observe that the propositions objected to cannot, in fairness, be said to involve the abolition of the East-India Company. On the contrary, the Company would stand on as firm a basis as ever; the Proprietors receiving the same income as heretofore; their representatives still holding their place in the government of our Eastern Empire; and their privilege of trading as a joint stock company restricted, only because the exercise of it appears to be inconsistent with the obligations incident to the acceptance of political power.

In so far as concerns the property belonging to the Company in their commercial capacity, the proposed arrangement may, indeed, unobjectionably be said to involve a surrender; but it involves also an equivalent, or what is so deemed.

The sufficiency of the equivalent is a distinct question to be considered as we proceed. If it be not insufficient, as I am persuaded it is not, there are assuredly abundant reasons to recommend the plan; and, whether it be said to involve surrender and compensation, or conversely, tender and condition (for either expression is equally just), it is not to be forgotten that the proposed

arrangement

arrangement is not compulsory. To accept or reject it, rests with the East-India Company.

Strongly convinced that it will be for the advantage of the Company to accept it, His Majesty's Government cannot expect or wish that they should do so, except under a similar persuasion. On the one hand, His Majesty's Ministers, sincerely desirous of retaining the agency of the Company in the political government of India, are not the less anxious to see full justice done to all their claims.—On the other hand, they are bound to watch with a jealous care over the general interests of the empire.

In the plan proposed, they have endeavoured to reconcile these several objects; and advancing, as I shall now do, to the more detailed consideration of the two particulars already specified,—the surrender required, and the compensation tendered,—I shall, I trust, be able to satisfy you that their endeavour has not been unsuccessful.

First, let us shortly consider what it is that the Company is called upon to relinquish.

As already intimated, their China monopoly (I may use the word without any strictness of definition) ceases by the mere operation of law at the time fixed by the Act of 1813.

Here, at least, nothing is surrendered.

The right of British subjects to trade with India on an entire equality with the Company cannot be denied. It cannot be pretended, that the special privileges and property belonging to the Company in that country, would operate to the exclusion of their countrymen from any essential facility of admission or trade.

The dominion of the British Crown, securing equal protection for all classes of British subjects throughout Hindostan, has superseded the use and altered the character of those factories and settlements which may have been necessary to commercial dealings in former times.

Here again nothing is surrendered.

The political authority which the Company is to retain must be held as the pure gift of the British Parliament:—a trust confided to a particular body of British subjects, for the benefit of the Indian people, and for the good of the British empire in general.

That which may at the pleasure of the State be withdrawn, cannot, in any just sense, be said to be surrendered. Apart from the exercise of political functions, the relinquishment or limitation of their trade, on the footing of free competition, is indeed entirely optional with the Company. But their trade, con-

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ducted on such a footing, cannot, in the judgment of His Majesty's Government, be expected to be profitable;—and, finally, I must state with all plainness, that the interests belonging to the Company in that property which they appear to regard as exclusively commercial, are involved in a multiplicity of doubts and entanglements, from which an escape seems to be next to impossible, except through the operation of some such comprehensive scheme as that which His Majesty's Ministers propose.

The basis on which the arrangement rests is the principle of a compromise between the two branches of the Indian concern,—the commercial and the territorial; meaning to denote by the former term, the interests permanently belonging to the Company as a commercial body, and by the latter, those national interests which they have administered as the organs of the political government of our Indian empire; with the obligations attaching to each class of interests respectively. The questions at issue between the two branches, the latter of which it is especially the duty of His Majesty's Government to represent in the present discussion, are, I need not say, long and intricate, consisting of reciprocal claims, some really questionable, and nearly all, in some degree or other, disputed. These differences could be brought to a termination only by one of two courses,—the one amicable, the other contentious:—either by an amicable compromise; or by an actual and authorized investigation,—searchingly applied to each head of an immense and complicated mass of details, with a view to an exact and final apportionment.

Such an investigation, however successfully we suppose it to be conducted, would be destructive of those paramount objects which, for the good of India and of England, the Government arrangement contemplates. The intention being, that the Company shall be continued in their political capacity, and that they shall commence the exercise of their resumed functions in the utmost possible state of efficiency, it would obviously be incompatible with that end that they should instantly be engaged in a sort of self-litigation, to be prosecuted by means of a complicated, vexatious, and scarcely terminable enquiry.

Even without reference, however, to the proposed arrangement, it may easily be shewn, that an investigation of this nature would be productive of the most serious inconvenience to the Company themselves.

According to the views which have at different times been stated on the part of the Company, there would, indeed, be little necessity for any investigation

gation at all.—In conformity with those views, the Secret Committee have recorded their sentiments in the following passage.

" With every respect for His Majesty's Ministers, the Committee unani-
" mously decline to recommend the before-mentioned proposals to the Court
" of Directors, to be offered by them for the acceptance of the Court of
" Proprietors, and beg leave to record their opinion, that no proposition
" whatever for continuing the Government of India in the hands of the Com-
" pany, when deprived of the exclusive trade with China, can be acceptable
" to the Company, unless the Proprietors be fully secured in the regular
" payment half-yearly of their dividend of ten and a half per cent. per annum,
" and in the right, whenever paid off, to such an amount of principal as,
" at the present price of Consols, would produce that rate of dividend.
" The Committee submit, that this is the least to which the Company can
" be considered entitled, when it is remembered that they have property
" amply sufficient to provide an investment in Consols equal to the required
" dividend; such property consisting of commercial assets,—of pecuniary
" claims of large amount in India, and of possessions of rights in that
" country of great value, their title to which has never been disputed."

Supposing this statement to be unimpeachable, and supposing all that is here enumerated to be the clear and unquestioned property of the Company, unaffected by any liability to any other party, the idea of a compromise would, of course, be inadmissible. They would then be justified in pressing their claim to the uttermost.

But this concession can hardly be expected.

The property claimed as commercial by the Company is well known to be exposed to many doubts and questions, both as to the amount and the nature of its component parts. It is further supposed to be subject to heavy liabilities.

My only object, at present, is to prove that compromise is the far preferable mode of proceeding. I am not, therefore, called to give an opinion on the disputes between the parties, and still less on the responsibilities of the commercial capital.

If it can be shown that, in the opinion of very competent authorities, doubts of the gravest kind attach to the subjects of altercation, and that it is questioned by such authorities, whether the most serious liabilities do not affect that property which the Company assume to be incontrovertibly their own,

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my purpose will have been gained: for it will then appear, that adjudication cannot be attained, except through the medium of a minute and detailed enquiry. But, in whatever mode such an inquiry may be conducted,—whether by a Parliamentary Commission,—or by arbitration,—or before a legal tribunal,—or in any other imaginable form,—the very institution of it must give a severe shock to the credit of the Company.

That blow once struck, the sequel will be marked by increasing mischief. Such enquiries, it is well known, are usually protracted far beyond the estimated time. In the given case, the examination must extend back through the transactions of nearly a century, and must apply to property, both in India, in England, and afloat, and, as to a great portion of it, placed under very peculiar circumstances.—In the interim the Charter expires:—the China monopoly is at an end:—and in what situation, it may be asked, are the East-India Stock-holders?—From what funds are the dividends to be paid?—In what manner are the commercial operations of the Company, even those already in progress, to be carried forward?

Let it be supposed (what certainly cannot be assumed as matter of course) that the final issue, at some period which it is impossible to anticipate, shall assign to the Company all that they claim,—will it be contended that even such an event would, in the slightest degree, compensate for the injury which they must in the mean time have sustained?

It is, however, incumbent on me to advert to the grounds on which I have come to the conclusion, that the question between the commerce and the territory really involves the difficulties supposed.

The commercial property claimed by the Company, exclusively of property in India, may be thus stated:

The Commercial capital, as computed by the Company on the 1st May 1829		£21,102,182
Reimbursements of wars previous to 1765	£3,616,000	
Less—Home Bond-Debt at that time outstanding	1,616,000	
		2,000,000
		£23,102,182

The commercial capital, computed at £21,102,182 on the 1st May 1829, is thus composed:

Cash

Cash at home and abroad, and property in the public funds	£2,186,129
Goods and merchandize at home and abroad ...	7,383.937
Property afloat and freight thereon	3,531,897
Debts due to the Company at home and abroad for goods sold and investments	2,227,195
Buildings and dead stock	1,467,967
East-India annuities	1,207,560
Due from territory	4,631,906
	22,636,585
Deduct debts	1,534,403
	£21,102,182

It would be improper in me to assert, nor do I mean even to insinuate, that, under most of these heads, an impartial arbitrator would not adjudge to the Company that for which they take credit. But, unquestionably, no arbitrator could dispose of the matter, without having first considered various deductions which, on behalf of the territory, might be claimed; I do not say justly, but with sufficient reason to warrant the demand.

Thus, for example, of the sum stated to be due to Commerce from Territory, amounting to £4,631,906, a large amount is open to question, independently of the surplus of commercial profits, which is liable to appropriation under the 53d of Geo. III.

Thus, also, it has long been, as you well know, a matter of dispute, whether the Home Bond-Debt (amounting to £3,796,000) is chargeable to the Territorial or the Commercial branch. On whichever of those branches that debt shall be determined ultimately to fall, it must, at all events, be paid in the first instance by the Commerce; and although it is probable that the holders of the bonds would be averse to being paid off, yet if it should be deemed expedient to discharge the whole, or any part of their debt, so much of the Commercial funds as may be necessary must, of course, be applied to that purpose.

The value of the property which might be considered clearly to belong to the Company would also give rise to various questions; and more especially, the rights and privileges claimed by the Company in India, most of which have been in abeyance for a period of nearly seventy years, would certainly be found involved in inextricable doubts, both as to amount and as to title.

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It would, indeed, be difficult, if not impossible, to come to any conclusion as to any part of the property under enquiry (supposing that there is no compromise) without opening all the questions which have been raised in regard to the Commercial profits of the Company, and the origin of their debts and assets; questions which, as you know, comprehend the very origin of our Territorial acquisitions in India, and require for their solution a variety of information, now probably no longer to be attained.

A moment's reflection on the particulars embraced by each of the several heads above specified, will, I conceive, satisfy every reasonable mind of the necessity of admitting the principle of a compromise for which I am contending. But supposing that all these difficulties were overcome,—supposing all the facts as stated on behalf of the Company to be established, and all the items exhibited in their accounts to be admitted, there remain grave and perplexing questions of law, which embrace the whole extent of the Company's claims, and of which the consideration cannot be neglected or evaded.

These I proceed to explain.

The Commercial assets of the Company, included in the account of Stock by Computation in 1794, although not separately and distinctly exhibited, may, I presume, be stated to have been under eight millions sterling.

The Commercial assets on 1st May 1814 were computed by the Company to exceed nineteen millions. In that period, therefore, that is under the Charter Act passed in the year 1793, the property in question was increased by a sum of more than eleven millions.

We need not argue on the supposition that this increase arose out of an application of the Territorial funds in the hands of the Company to their Commercial occasions. The representations which have been made on that point would, indeed, have to be very fully and carefully considered, if we were driven to a contest between the two branches; and they have not been overlooked by His Majesty's Government in considering the expediency of a compromise. But the liabilities to which I am now adverting attach to the Company, on the favourable assumption that the whole of the increase in question may be resolved into an accumulation of so much of the Commercial profits received during the time. The question is, whether any part of the Commercial profits could legally be thus applied?

It is admitted on all hands, that by the Charter Act now existing, no similar application of the Commercial profits could legally take place. But it is urged, that the Act of 1793 is no less peremptory than that of 1813, in setting apart the surplus profits of Commerce for Territorial purposes; and good opinions hold

hold it to be seriously questionable, whether, at least, at the expiration of the Act of 1793, the Company were not bound to replace to the credit of the Territory all that accession to their capital which had been formed out of the intermediate profits of their Commerce, and whether that obligation on them does not remain in force up to the present moment.

The opinions to which I have alluded, I must be distinctly understood neither to impugn nor to support. Others of equal weight may perhaps be cited in opposition to them. But the very circumstance, that a question so seriously affecting a claim founded on a matter of account divides authorities entitled to respect, would form a strong reason why the parties concerned should resort to a compromise, rather than contend for rights, the mere discussion of which must occasion great injury both to themselves and to the public.

The liability to which I have now referred, supposing it really to attach to the Commercial assets, so called, of the Company, would deeply affect the value of their property. A doubt, however, has been raised, and is indeed sufficiently familiar to the Company themselves, whether that property be not liable to another demand, which would be absolutely overwhelming.

The question which I have in view is this,—whether the whole of the Company's Commercial property be not legally responsible for those debts and engagements which have been contracted in the Company's name for Political and Territorial purposes, and whether it will not continue so responsible, even although the Company should be wholly deprived of their political powers and functions.

This question branches into a variety of points which I forbear from enumerating, but which I can, on good authority, state to be entitled to the most serious consideration; and which, if pressed adversely, cannot fail to involve any attempt to adjust the Company's affairs in the utmost embarrassment. I have felt no difficulty in adverting to this subject; because, as I have before intimated, it is in its general nature not new to the Company.

Let it be observed, however, that I consider the question referred to as likely to arise only in the event of an adjustment being attempted on the ground of strict right. I will hereafter endeavour to shew, that neither this nor the former question ought to embarrass the Legislature in sanctioning an adjustment on the basis of the compromise suggested by His Majesty's Government.

It will, perhaps, be said that, whatever may be the strictly legal estimate of the mutual debts and demands of the Commerce and the Territory, Parliament may, and must, deal with this contested case on enlarged principles of justice and policy.

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That such is both the right and duty of Parliament, His Majesty's Ministers are convinced; and it is precisely on this persuasion that they found their hope of obtaining from Parliament an approbation of the plan which it is their intention to recommend. It will presently, I trust, appear that, in its essential features, that arrangement is not without a sanction even from past Parliamentary proceedings. Meanwhile, I need scarcely remark that Parliament can legislate on no partial view of interests in this complicated case, and must always lean to the rule of confirming legal rights, where no clear cause is shewn for an exception.

From the tenour of some of the previous observations, it might perhaps be argued, that the claims which the Government least consult in proposing a compromise, are those on the part of the Territory: But the truth is that, in the judgment of the Government, the concerns of the Territory, no less than those of the Commercial department, have a deep interest in a compromised settlement.

No share which the Territory might ultimately gain of the Company's assets alleged to be Commercial, could compensate for the evils of an enquiry of indefinite extent, duration, and complexity. During the process of that enquiry, the contested property would be in the hands of the adverse party: and a good deal of difficulty might occur in furnishing the funds necessary for the current home expenditure.

There are other considerations, however, beyond these. The most important object for the Territory is, that it should, as soon as possible, be placed under a good and settled system of government. Whether the plan of His Majesty's Ministers sufficiently provides for that object, is a question of separate consideration; but, assuming for the present this to be the case, the plan cannot too speedily be carried into effect: not to mention what has already been said, that if the Company, as a Commercial body, should be placed in immediate litigation with the Territorial interest, the continuance of their political functions, which is one material part of the plan, would be rendered quite impossible.

Of the public creditors in India, who form an important branch of the Territorial interest, I must observe, that their rights (I speak not now of the claims in dispute between the Commerce and the Territory, but of their rights as national creditors of India), though undoubtedly standing on a firm foundation of justice and expediency, have never yet been recognized by the Legislature, except in a temporary point of view. Their situation is, in some respects,

respects, anomalous—for they have grown up under an anomalous system—and might subject them, if it were tried by technical rules of law, to questions against which they ought to be secured. If it be said here, as in the former instance, that the rights of this class of men should be dealt with, not on the ground of legal exactness but of a liberal equity, I willingly, as before, accede to the opinion: and it is precisely because I do so, that I desire to release the interests of these, as of all other parties, from the embarrassments of extreme claims and pretensions, and to provide for them on the common basis of a fair and rational compromise, sanctioned and established by the authority of Parliament.

It cannot be expected that the several parties concerned should relinquish their claims without adequate consideration.

On the other hand, the determination to maintain or resist them with unqualified rigour, would involve consequences, the very exemption from which is more than an equivalent for even liberal concession.

The expediency of acting on the principle of a compromised settlement will not, probably, be longer contested; and I shall now proceed to consider, whether the terms prescribed by the plan of Ministers be fit and just.

The difficulty of settling the conditions of the compromise between the Commercial and Territorial interests, arises chiefly from the confusion of functions which has hitherto, and perhaps of necessity, existed in the system of the Company. To some extent the same difficulty has always been felt, and has been dealt with; for even during the pendency of the system, and while the two departments have continued in avowed connection, Parliament has found it necessary to fix a limit between the interests belonging to them repectively.

The object now is to discover some practical rule of demarcation; some principle, the operation of which may be expected to satisfy both parties: and such a principle is not to be sought in abstract or speculative considerations, but in the results of experience, so far as these afford any precedent applicable to the case.

It appears to the Government, that, by observing what has hitherto been the feeling and understanding as to the relations that ought to subsist between the two classes of interests in question,—what degree of beneficial share in the common concern has through a long course of years been allotted to each, and apparently with the approbation of all parties,—an adequate guide or standard will be obtained for the terms of any prospective arrangement.

The difficulty, as I have observed, has already been dealt with by the Legis-

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lature, though under circumstances, it must be owned, considerably different from those under which it now presents itself.

The Charter Acts of 1793 and 1813 carefully regulated the order in which the Company, as a Commercial body, that is, the Proprietors of Stock, on the one hand, and the Territory on the other, in respect of its interest to relieve itself from debt, might make use of the Company's Commercial profits; and the provisions laid down for this purpose by those two Acts, though not precisely identical, were nevertheless conformable to the same general rule.

Both Acts directed that, after providing for certain urgent or current payments, all the net proceeds of the Company's sales at home, and the duties and allowances arising to them by private trade, and all their other profits in Great Britain, should be applied in payment of the dividend to the Proprietors. Both Acts afterwards directed the application of the profits to the payment of the debt in India, until such debt should have been reduced to a certain specified amount; but that, when that debt was thus reduced, and the Home Bond debt was also reduced to a certain amount, the surplus profits (and by the later Act the surplus revenues also) should be applied to the formation of a guarantee fund of £12,000,000.

If the debts, however, should afterwards exceed the specified amount, the appropriations were again to take place. The limit assigned to the Indian debt by the Act of 1793 was that of two millions sterling; by that of 1813, ten millions sterling; and it is hardly necessary to say that the present debt very greatly exceeds the latter amount.

I do not state the provisions of these clauses with minute exactness; and some of them I wholly pass by, as not in the least affecting my immediate argument. The Acts differ in some particulars from each other; but in main points, so far as respects the present question, they coincide, and the principles common to both may thus be said to have been established by Parliamentary sanction, by general acquiescence, and by the experience of forty years.

I should, however, mention that both Acts provide for the reduction of the Home Bond Debt; and the Act of 1813 directs its reduction indifferently with that of the Territorial Debt, at the option of the Directors, with the approbation of the Board. I must repeat, that if the proposed arrangement takes effect, the Government must, out of the Commercial Funds of the Company in their hands, make adequate provision for the Home Bond Debt, in the event of its being expedient or requisite to discharge the whole or any part of it. This I wish should be always understood; although, for the sake of brevity,

brevity, I do not always specify the Home Bond Debt in words, when discoursing of the Company's obligations; and although, on account of the greater importance of the interests more immediately connected with Territory, I treat the question before us generally as a question between the Proprietors on the one hand and the Territorial interest on the other.

Whether the Home Bond Debt ought in strictness to be considered as Territorial or Commercial, it is on this plan quite unnecessary to determine.

It is true that, during the subsistence of these Acts, the Commercial and Territorial functions of the Company were, for many purposes, very intimately blended together, and that the precedent which they furnish cannot without modification be adapted to the present conjuncture.

The connection between Commerce and Territory was then to be continued; it is now to be dissolved. The object then was to effect a distribution of profits; it is now in the nature of a division of capital. Still a general conformity to the principle of those Acts is by no means impracticable.

It is, indeed, to be recollected, that the principle in question has already been maintained under an important change of circumstances. The Act of 1813 implicitly, though with circumstantial variations, followed the preceding Act. Under the Act of 1793, however, the Company retained in substance the monopoly of the Indian trade. Enjoying then the whole trade of the country which they at the same time governed, it might have been natural to suppose, and in fact it was at that period supposed, and supposed in some respects correctly, that their Territorial power ministered to the advancement of their Commerce; and it might, therefore, seem but a fair return, that the surplus profits of the Commerce should contribute to the well-being of the Territory. But the Act of 1813 extinguished the exclusive privileges of the Company in India. It left them the monopoly of the China trade only; a trade having no natural connection with the territorial control of India, and which, at all events, could not derive from the Indian functions or measures of the Company the same degree of assistance with that which had been afforded to the exclusive trade granted by the former Act. Still we find the former principle of appropriation continued. The Dividend is first secured; and then all the Commercial receipts, with the reservation above stated as to the Bond Debt, are directed to flow into the Territorial exchequer, until a certain measure of fulness is attained.

It is not my intention, nor do I conceive it of the least importance, to enquire into the particular views of those, at whose recommendation, and under whose guidance, the Legislature passed the two Acts in question,

and

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and especially the Appropriation clauses. But I find in those clauses a rule or principle established, which has now been actually, and without objection, in force during two entire terms of the Company's trade and sovereignty. Thus it is not only proved that Parliament has deemed itself morally, as well as constitutionally, competent to legislate on this subject, but a practice has, under its authority, been established during forty years. To that practice all subsisting interests have conformed, or under it they have grown up: and if the Act of 1813 were now to be re-enacted for another term of twenty years, or for a much longer term, it cannot be thought that any of the parties concerned would object;—indeed there is no doubt that all would acquiesce.

The principle so established by the two Acts in question may be thus stated; that the profit accruing from the Company's Commerce should, in the first instance, be employed in securing the regular payment of the Dividends to the Proprietors of Stock, and that it should then be applied (speaking generally) for the benefit of the Territory; such last mentioned application to be suspended only so long as the burden of debt on the Territory continues below a certain specified amount.

The position in which the Acts thus place the Proprietors is very observable. The Proprietors, being in fact the Company, are, in one sense, undoubtedly, debtors to those who have claims on the Company; but, in another point of view, they may be considered as creditors on the common concern: and it is rather in this light that they seem to be regarded by the Appropriation clauses.

But the claims of the Proprietors being provided for, the next use of the Commercial funds, to an indefinite amount, is given to the Territory for its own benefit, due regard being had to the claims of the Home Bond Creditors. I here use the expression, "the benefit of the Territory," because the reduction of debt must always be presumed to be beneficial to the Territory, though to the creditors who are paid off it may, in many cases, be very inconvenient.

I am aware, and indeed have already stated, that by both Acts some peculiar payments are directed to be made out of the profits, in preference even to the Dividend. These are payments, however, essential to the maintenance of the system, and without which the wheels of Government would come to an abrupt stand. It is on the same ground that, in the appropriation of the territorial revenues, certain payments of prime necessity,—those, for example, on account of the military expenditure,—are preferred to the payment

payment of the interest of the debt. The general rule is not affected by such exceptions.

I am aware, also, that in both Acts there are provisions, by which, after many intermediate appropriations, and after a large reduction of debt, the Proprietors are assured of sharing (very scantily indeed) in the ultimate residue of profits. There never has been any approach to the realization of the hope thus held out. The enactment has proved a dead letter; and the silence of all parties respecting it during many past years, proves that all notion of the promised benefit, if ever entertained, has long since been abandoned.

It is, on the whole, the opinion of the Government, that, with allowance for the change of circumstances, it will be both just and expedient that the pecuniary interests of the Proprietors and the Territory should be maintained in that relative position towards each other, in which they have so long continued under the express authority of Parliament, and that they should be so maintained by the same authority. They conceive that sufficient justice will be done to the Company, commercially considered, by continuing to them the receipt of their Dividend, and no more; and sufficient justice to the Territory, by calling on it to relinquish all claim to so much of the Commercial property as will be required to form a fund for the payment of the Dividend, on condition of receiving all the rest of that property to its own use,—the Government, on behalf of the Territory, taking upon itself, with the Commercial property made over to it under the arrangement, all the obligations incident to that property in the hands of the Company, among which obligations the Home Bond Debt is of course included.

Such is the principle which essentially regulates the terms of the compromise proposed by the Government, and they believe that it will be for the advantage of all parties to accede to those terms.

On the one hand, the Proprietors of East-India Stock can offer no just objection to the plan. They are assured in the receipt of all that, during the last forty years, they have been satisfied to receive,—of all that they have habitually regarded as the amount of their pecuniary interest in the concern,—of all that they could fairly have expected, or that they would in fact have expected to be secured to them, if the present Charter Act were to be renewed for forty years or for a century.

It may be said, however, that the situation of the Proprietors is deteriorated, inasmuch as their future receipts are to depend only on the security of the Indian revenue. The Secret Committee, as has already appeared, expect that

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that the Indian revenue will be permanently deficient; and they moreover think that the present amount of Dividend ought to be secured to the Proprietors in the national stock of this country, the Commercial capital of the Company being, as they allege, quite equal to purchase a sufficiency of such stock.

To the last suggestion there are several objections; but it may suffice to observe, that it could not be acted upon, without allowing to the Company all, or nearly all, that they claim as their Commercial capital,—and thus, in fact, conceding to them at once, and without investigation, all the points at issue between the Commerce and the Territory.

That suggestion, therefore, must be dismissed from contemplation. All that seems essential is to shew that the situation of the Proprietors, so far from being injured by their acceptance of the new arrangement will be materially improved. For let it be recollected, that the arrangement is offered to them, not as an admission of all the claims and pretensions which may be put forward on their behalf, but professedly on the footing of compromise.

In the first place, I must once more declare the conviction of His Majesty's Ministers, founded on grounds which, having already stated them, I need not recapitulate, that the Territory of India is essentially solvent;—that the Indian resources will, under proper management, be capable of answering every fair demand on them;—and that, in order to call them forth into full efficiency, one of the principal means is to release them from the seductive and hurtful aid of the profits of a foreign trade carried on by those who administer them. His Majesty's Ministers are not only impressed with this persuasion, but they believe that, if the arrangement to be proposed by them were framed on the assumption that there must always, as a matter of course, be a deficiency in the Indian revenues, the very effect of the arrangement would be to perpetuate that deficiency.

In the second place, let it be considered what is the present position of the Proprietors. Their security rests mainly on the profits of the China trade; a trade, the very existence of which the Company state to be exposed to many dangers, and which no man will affirm to afford an absolutely certain resource, together with a reversionary prospect of help from the surplus of the Indian revenues, which surplus, according to the representations of the Secret Committee, will never exist, and which is at least not likely to be realized, under a system that renders the Commerce and the Territory mutually dependant. Besides this, the double security thus given to the Proprietors, whatever its value in other respects, is ensured to them only during a term of years; on the expiration

ration of which, a period now just at hand, their interests are left without any Parliamentary protection, and must stand exposed to those very doubts, questions, and embarrassments, from which the proposed arrangement is tendered to them as an escape.

The Acts of 1793 and 1813 looked forward, in some degree, to the unprotected situation in which the Proprietors would be placed on the expiration of their Charter. They even endeavoured to provide a resource for the emergency. And what was that resource? The guarantee-fund of twelve millions, already mentioned: no approach to the formation of which has ever been made. Even that guarantee-fund, however, could in no case be formed, unless the Indian and Home Bond Debt were reduced to a certain specified amount. The intended arrangement actually gives to the Proprietors an income equivalent to that which the guarantee-fund was designed to secure; and gives it, notwithstanding the existence of a largely increased debt. This surely is a boon to the Proprietors; and, receiving it, they cannot reasonably complain that a liberal appropriation is next made for the benefit of the Territorial creditors, or of that territory on which the debts of those creditors are charged.

For these reasons, I am clearly of opinion, that the Proprietors would be benefited by acceding to the projected arrangement. If, however, any doubt should still remain as to the value of the annuity which it is proposed to secure to them on the Territory of India, that doubt will be dispelled, by an appeal to the prices at which the promissory notes of the Government are actually sold in the market. If, again, it be suspected that those prices are enhanced, in consequence of the additional value given to the notes by a reliance on the Company's Commercial assets, then this circumstance must not be overlooked in estimating the actual interest which the Proprietors possess in those assets, and in lieu of which it is now proposed to assign to them a fixed dividend.

There is another objection which may perhaps be urged on the part of the Proprietors. It may be said that, whereas the Charter Acts reserved to them a chance, however distant and minute, of an ultimate reversion of profit, the proposed plan cuts off that chance, without holding out to them any equivalent for its loss.

I have before remarked on the extreme smallness of the ultimate chance so reserved: It is too remote and visionary to be taken into the account. But I must now further observe, that, if the plan of Ministers holds out no equivalent for the loss of that chance, this is not the fault of the plan, but of the actual state of the Company's assets and debts. There is no room, therefore,

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to speak of a reversion, or to complain that no compensation is to be made for the loss of it.

These considerations will, I trust, satisfy the Proprietors, that their interests are duly consulted in the plan recommended by His Majesty's Ministers.

I must however add, in reference to this subject, that, while the Government deeply feel the obligation of providing for every fair and just claim that can be preferred on behalf of the Proprietors, it is from other and higher considerations that they are led to attach peculiar value to that part of their plan which places the Proprietors on Indian security. The plan allots to the Proprietary body important powers and functions in the administration of Indian affairs; and, in order to ensure their properly exercising such powers and functions, His Majesty's Ministers deem it essential that they shall be linked and bound, in point of interest, to the country which they are to assist in governing. The measure, therefore, of connecting them immediately with the territory of India, is evidently not an incidental or immaterial, but a vital, condition of the arrangement; and, in proportion as this condition is dispensed with, the advantages of the arrangement are sacrificed. If the Proprietors are to look to England rather than to India for the security of their dividend, their interest in the good government of India, and consequently their fitness as one of the principal organs of Indian Government, will in the same degree be impaired; and if, according to the suggestion of the Secret Committee, they are at once to be placed on the national stock of this country, it is not easy to see what greater propriety there will be in assigning a share in the administration of the Indian Empire to them than to any other body of our national stockholders.

To return, however, from this important topic to the point more directly before me, I must repeat, and I trust I have proved, that all due provision is made in the plan of Ministers for the proper interests of the Proprietors, considered as holders of stock, and without reference to the political powers with which they are to be invested.

But, if the Proprietors ought to be content, so also, on the other hand, ought the Territorial interests.

I have, in a former page, shewn that the plan will lay no new burthen on the Territory, to which, indeed, its effect will be in some respects advantageous. The Territory is to be released from the contingent liability which the present Act imposes on it, of contributing, in certain events, to the funds of the Company and to the National Exchequer. It cannot, in future, expect relief from Commercial profits; but that relief was ensured to it only during the pendency

pendency of a statute now expiring; and it gains, subject to the securing of the dividend, and the providing (as explained) for the Home Bond Debt, all the Commercial capital of the Company for its own use, to be applied either in the discharge of debt, or in any other mode that may appear more immediately beneficial. It sacrifices (this must attach to any compromise) a part of its own claims; but it is released, on the other hand, from counter claims of the Company, amounting to several millions.

The disputes respecting the items of the Commercial property are closed.

The question regarding the appropriation of profits between 1793 and 1813 is set at rest.

With regard to the Territorial creditors, they obtain specific advantages. They obtain, for the first time, a national recognition of their lien on the Indian Territory: they obtain a release from all doubts or difficulties, which, either in law or in equity, might have been raised, as to the nature of their rights in a technical point of view.

All the property of which the Commercial branch surrenders the possession, subject to the reservations already mentioned, confirms the obligation which the Territorial creditor holds.

His security, under the existing Acts, is confined to a temporary claim on the Territorial revenue and Commercial profit. It will, under the new Act, consist of the general funds and revenues of the Indian Government, aided and augmented by the surplus assets of the Company at home, and by all their Commercial property in India, which, whatever be its amount, will merge into the general funds and revenues of the Indian Empire.

Besides all this, the interest of the Territorial creditor, when viewed on a great scale, must be considered as identified with that of the Territory which is his principal security, and must be promoted by whatever promotes the Territorial prosperity.

On the whole, I indulge the hope, that the observations into which I have now, perhaps at too great length, entered, will not only shew the necessity of effecting the desired settlement of the Company's affairs by a compromise, but will prove that the terms of the compromise proposed by His Majesty's Government are such as ought to satisfy the feelings and expectations of all parties.

In the exposition which I have given you, I am aware that I have stated the case of Government (if I may so term it) more fully than is usual in public communications. It appeared to His Majesty's Ministers that, under all the circumstances of the present occasion, an unreserved disclosure of their views

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and opinions, to whatever partial inconvenience it might expose them, was due to the subject itself,—to this country,—to India,—and to those to whom the present observations are addressed; and I cannot doubt that the Court of Directors will apply themselves to the discussion in a corresponding spirit of candour and courtesy.

The Paper of Hints which I had the honour of transmitting to you contains matter relating to several points, the consideration of which the Secret Committee have, with great propriety, thought it advisable to defer till the basis of the new system shall have been established. On those points it may perhaps be hereafter expedient that I should address you; but, in this particular, I shall think it my duty to be guided by circumstances. In the present letter I have confined myself to the great and leading topics announced at the commencement of these pages;—topics, the consideration of which must be admitted to be the most immediately, if not the most deeply, important: and even in treating these, I have found it necessary to abstain from many observations which suggested themselves as worthy of attention.

Whatever may be the decision of the Company, I must repeat that it is not the intention of the Government to recommend to Parliament the renewal of the Company's exclusive privilege of trade with China.

It is the wish of the Government to be enabled to recommend to Parliament the continuance in the Company of the political administration of India; but they can be so enabled only by the Company's acceptance of the terms of the proposed compromise. His Majesty's Government are not without hope, that the Secret Committee will, on further deliberation, and after giving due attention to the developements contained in this letter, of the reasons which recommend the plan, be induced to qualify the opinions announced in their Minute. The Government cannot but trust, at least, that the Court of Directors will take a more favourable view of the matter; and they beg to avail themselves of your offer to lay the Memorandum or Paper of Hints before that Court.

It will give his Majesty's Ministers peculiar pleasure, if the Court of Directors should see fit to recommend the arrangement to their constituents. If this unfortunately should prove not to be the case, His Majesty's Ministers, with every respect for the Secret Committee and the Court of Directors, will yet feel it their duty not to relinquish the hope of accomplishing the compromise, until the Proprietors have an opportunity of expressing their opinion on a subject so vitally affecting their interests. It will be for that body finally to decline or accept the proposal. Their acceptance of it will, I need not say, be satisfactory

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tory to the Government. But I am bound to state frankly, that His Majesty's Ministers being, on the fullest consideration, convinced of the justice and liberality of the terms now offered, will be prepared, in the event of a rejection of them, to propose to Parliament a plan for the future Government of India without the instrumentality of the Company.

I must particularly request that you will have the kindness to lay the Paper of Hints and this letter before the Court of Directors, and afterwards, if necessary, before a Court of Proprietors, with as little delay as the rules of your proceedings may permit. It is my desire and intention, at all events, to bring the subject of the East-India Charter under the consideration of Parliament before Easter.

The Proprietors will, before that time, have had ample opportunity to pronounce their judgment. But if no decision on their part is communicated to me by the 23d of March, I shall feel myself compelled to consider it as a declining of the proposal.

I have the honour to be, Gentlemen,

Your most obedient and humble servant,

(Signed) CHARLES GRANT

The Chairman and Deputy Chairman
of the East-India Company.

No XII.

LETTER *from the* CHAIRMAN *and* DEPUTY CHAIRMAN *to the Right Honourable* CHARLES GRANT.

East-India House, 15th February 1833.

SIR:

No. XII.

Letter to the Rt. Hon. Chas. Grant. 15 Feb. 1833.

We have the honour to acknowledge the receipt of your letter, dated the 13th instant, which, as well as the Paper of Hints which you transmitted to the Chairman on the 17th December last, and the Minute of the Secret Committee of Correspondence of the 2d ultimo, we have communicated to the Court of Directors.

The Court, whilst they request us to assure you that no delay which they can possibly avoid shall be permitted to occur, trust that they shall be allowed sufficient time for that calm and deliberate consideration which is due to the vast importance of the subjects treated of in these papers, and upon which it must be necessary, previously to any announcement of a new arrangement to Parliament, that the Proprietors should be consulted.

In order that the Court may be enabled to form their opinion, they are desirous of obtaining information upon three points, respecting which the communications from you do not appear to be distinct.

The Court therefore request that you will have the goodness to inform them, *first*, whether it be the intention of the King's Ministers to make it a condition of the continuance of the territorial government of India in the hands of the Company, that the Company should relinquish their right to trade in perpetuity? *Secondly*. Whether it be intended to include in the proposed assignment to the Crown of the Company's assets, that part of the commercial property which consists of monies actually subscribed by authority of Parliament as capital for conducting the Company's trade? And *Thirdly*, the term for which it is meant that the annuity of £630,000 shall be irredeemable?

We have the honour to be, Sir,
Your most obedient humble servants,

(Signed) J. G. RAVENSHAW,
C. MARJORIBANKS.

The Right Honourable Charles Grant,
&c. &c. &c.

No XIII.

LETTER *from the Right Honourable* CHARLES GRANT *to the* CHAIRMAN *and* DEPUTY CHAIRMAN.

India Board, 19 February 1833.

GENTLEMEN:

No. XIII.

Letter from the Rt. Hon. Chas. Grant, 19 Feb. 1833.

I have the honour to acknowledge the receipt of your letter dated the 15th of this month.

I beg to offer my thanks to the Court of Directors for the gratifying assurance that no delay which they can possibly avoid, shall be permitted to occur in relation to the subject of our present correspondence. Relying on this assurance, I may, in return, express the sincere desire of the Government, that every opportunity should be afforded for the calm and dispassionate consideration, which, as you justly observe, is due to the vast importance of the subjects treated of in the Papers now before you.

In this spirit I proceed to advert to the three points on which the Court desire information. I shall consider the questions in the order in which they appear in your letter.

Your first question is :—

" Whether it be the intention of the King's Ministers to make it a condition " of the continuance of the Territorial Government of India in the hands of the " Company, that the Company should relinquish their right to trade in " perpetuity ?"

The relinquishment of the Charter of the Company, as a Joint Stock Company, forms no part of the Government plan. It appears, however, to the Government, and it will, I am persuaded, be, on consideration, the opinion of the Company themselves, that, so long as the Company are to exercise, under the new arrangement, the political powers proposed to be vested in them, it is indispensably necessary to the efficient administration of those powers, that their right to trade should be altogether in abeyance, due time being, of course, allowed for the winding up of their commercial concerns. I must think indeed that, even supposing no restriction of this kind to be laid on the Company, and supposing them to attempt to continue their trade as a Joint Stock Company, still the opening of the China Trade would have the effect of so lowering their profits, as to induce them, for their own sake, to desist from the exercise of the right in question, with respect to China, as they have already relinquished it virtually in regard to India.

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The second question is:—

"Whether it be intended to include in the proposed assignment to the "Crown of the Company's assets, that part of their commercial property, "which consists of Monies actually subscribed by authority of Parliament as "capital for conducting the Company's trade?"

This question would almost seem to imply, that that part of the Company's commercial property which consists of monies actually subscribed as here stated, exists at this time in some separate and definite form. Though wholly unaware of such a fact, and impressed with the persuasion that the subscribed capital of the Company is involved in their general commercial property, I have no hesitation in replying, that in the proposed assignment the Government intend to include the whole of the Company's commercial capital, whether composed of subscription or accumulation, and whether existing in a separate shape, or mixed up and confounded with their general assets. On this basis, in truth, the proposition of the Government entirely rests, as the tenor of my letter of the 12th of this month plainly shews.

And, undoubtedly, all the property to which I have referred is equally comprehended in the very serious question to which, in that letter, I directed your attention, *viz.* "Whether the whole of the Company's commercial "property be not legally responsible for those debts and engagements which "have been contracted in the Company's name for political and territorial "purposes; and whether it will not continue so responsible, even although "the Company should be wholly deprived of their political powers and "functions?"

The third question is, "The term for which it is meant that the annuity "of £630,000 shall be irredeemable?"

The duration of the term His Majesty's Ministers regard as a matter open to discussion and arrangement. They are not indisposed to a considerable latitude of provision in that respect, and will be willing to take into consideration any suggestions which the Company may wish to offer.

In conclusion, I beg to express my readiness to supply explanation, if required, on any other points connected with the present discussion.

I have the honour to be, Gentlemen,

Your most obedient humble servant,

(Signed) CHARLES GRANT.

The Chairman and Deputy Chairman
of the East-India Company.

No. XIV.

No. XIV.

AT A

SECRET COURT OF DIRECTORS,

Held on Wednesday, the 20th February 1833.

No. XIV.
Secret Court, 20 Feb. 1833.

A letter from the Right Honourable Charles Grant, dated at the India Board the 19th instant, being read, stating, in reply to the letter from the Chairman and Deputy Chairman of the 15th instant, and in advertence to his communication of the 12th instant, that in the arrangement which it is now proposed to make with the Company, it is no part of the Government plan that the Company should relinquish their charter as a Joint Stock Company; but that it appears to the Government to be indispensably necessary to the efficient administration by the Company of their political powers, that their right to trade should be altogether in abeyance; that in the assignment to the Crown of the Company's commercial assets, the Government intend to include the whole of the Company's commercial capital, whether composed of subscription or accumulation, and whether existing in a separate shape or mixed up and confounded with their general assets; and that, with respect to the duration of the term for which the proposed annuity to the Proprietors of East-India Stock is to be irredeemable, His Majesty's Ministers regard the matter as open to discussion and arrangement; that they are not indisposed to allow a considerable latitude of provision in that respect, and that they will be ready to take into consideration any suggestion which the Company may wish to offer; and expressing, further, his readiness to supply explanation, if required, upon any other point connected with the pending discussion:

It was

Ordered, That the said letter be referred to the consideration of a Committee of the Whole Court.

No. XV.

AT A

SECRET COMMITTEE OF THE WHOLE COURT,

Held on Friday, the 22d February 1833.

No. XV.
Secret Committee of the whole Court, 22Feb.1833.

THE Committee, pursuant to the Court's references of the 15th and 20th instant, proceeding to take into consideration two letters from the Right Honourable Charles Grant, dated at the India Board the 12th and 19th instant; the former replying, on the part of His Majesty's Ministers, to a Minute of a Secret Committee of Correspondence of the 2d ultimo, on the Memorandum or Paper of Hints respecting the Company's Charter, which was sent by Mr. Grant to the Chairman on the 17th December last; and the latter containing a reply to certain questions submitted by the Court in a letter from the Chairman and Deputy Chairman of the 15th instant.

The Chairman laid before the Committee the draft of a proposed letter to the Right Honourable Charles Grant, submitting the sentiments of the Court on the principal propositions in the Paper of Hints, and on the statements and arguments contained in Mr. Grant's letter of the 12th instant.

The said draft of a letter was read; and

The Committee having deliberated thereon, adjourned to Tuesday next, the 26th instant.

No. XVI.

AT A

SECRET COMMITTEE OF THE WHOLE COURT,

Held on Tuesday, the 26th February 1833.

No. XVI.
Secret Committee of the whole Court, 26 Feb.1833.

THE Committee met by adjournment from the 22d instant, for the purpose of continuing the consideration of the draft of a proposed letter to the Right Honourable Charles Grant, submitting the sentiments of the Court on the principal

principal propositions on the Paper of Hints respecting the Company's Charter, which was sent by Mr. Grant to the Chairman on the 17th December last, and on the statements and arguments contained in Mr. Grant's letter of the 12th instant; No. XVI. Secret Committee of the whole Court. 26 Feb. 1833

And the Committee having agreed to certain alterations therein;

It was

Resolved, nemine contradicente, That the said draft of a letter, as amended, be approved and submitted to the Court.

No. XVII.

AT A

SECRET COURT OF DIRECTORS,

Held on Tuesday, the 26th February 1833.

THE Chairman laid before the Court the draft of a letter which had been agreed to by a Committee of the Whole Court to the Right Honourable Charles Grant, submitting the Court's sentiments on the principal propositions in the Paper of Hints respecting the Company's Charter, which was sent by Mr. Grant to the Chairman on the 17th December last, and on the statements and arguments contained in Mr. Grant's letter of the 12th instant; No. XVII. Secret Court, 26 Feb. 1833.

And the same having been read, it was

Resolved, nemine contradicente, That this Court approve the said draft of a letter to the Right Honourable Charles Grant.

No. XVIII.

LETTER *from the* CHAIRMAN *and* DEPUTY CHAIRMAN *to the Right Honourable* CHARLES GRANT.

East-India House, 27th February 1833. No. XVIII.

SIR:

We have the honour to acknowledge the receipt of your letter dated the 19th instant, containing a reply to the questions which the Court of Directors submitted Letter to the Rt. Hon. Chas. Grant, 27 Feb. 1833.

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Letter to the Rt. Hon. Chas. Grant, 27 Feb. 1833.

submitted in our communication of the 15th instant, and we beg leave to express the acknowledgements of the Court for your promptitude in furnishing the information which they wished to obtain.

We now proceed to submit to you, and through you to Earl Grey and the rest of His Majesty's Ministers, the Court's sentiments on the principal propositions contained in the Paper of Hints received from you on the 17th of December, and on the statements and arguments contained in your letter of the 12th instant.

The first consideration which presses itself upon the Court's attention, and that which they feel to be paramount to every other, is the obligation under which the Company lie towards the people of India. Connected as the Company are and have so long been with that country by ties of the most binding character, and requiring as they do from its inhabitants a large revenue to meet the necessary expenses of the state, a serious responsibility must rest upon the Company to do all that in them lies to advance the prosperity of the country, and to promote the happiness of its vast population. From this responsibility the Court have not the least desire that the Company should escape. On the contrary their first object ever has been, and must continue to be, the welfare of India; and so long as there shall appear to be the least prospect of their being instrumental in the promotion of that object, the Company ought not, in the Court's opinion, to shrink from continuing their agency in administering the territorial government. The same considerations would, we believe, lead them cheerfully to resign that weighty trust, if another plan, the alternative for example which you state the King's Ministers are prepared to adopt, can be devised better calculated to achieve the great object of providing for the good government of India.

The Court are, however, relieved from the necessity of adverting to any alternative plan, by the opinion which His Majesty's Government have decidedly expressed and reiterated in your letter, that, subject to the changes and modifications suggested in the Paper of Hints, the Company should retain the exercise of their political powers and functions. Practically, therefore, the primary question is, whether the Company can do so upon the terms proposed? and this question ought not, the Court think, to be embarrassed by considerations affecting the property and claims of the Company as a commercial body. The Company would never think of relinquishing the charge of governing India merely because they had property to protect and claims to prefer; neither, we are persuaded, can it be contemplated by the King's Ministers, that

that the Company should, without adequate compensation, relinquish either property or claims, in order that they may continue to administer the government of India, for which trust they are considered to be the fittest instrument.

Whether the agency of the Company in that administration be continued or not, their separate rights of property must be maintained and preserved, upon the same principles as those of any other corporation. Justice in the decision of that matter, (whether compromise or actual adjudication of each claim be resorted to) is all that the Company require, and is no more than they are entitled to expect.

Putting out of view, then, for the present, the claims of the Company in their commercial capacity, which will form a distinct subject for consideration in the sequel, we proceed to the primary question:—Whether the scheme of the King's Ministers be such as to enable the Company efficiently to administer the Government of India.

It is observable from your letter, that in deciding that the Company should continue the exercise of their political functions, His Majesty's Ministers have been guided by experience of the past, and by an apprehension that a fundamental change in that respect might be liable to constitutional objections in this country.

But the experience of the past is the experience of a system which the plan of His Majesty's Ministers will, if adopted, essentially alter; for that system combines the territorial government of India with the trade of the Company, and that trade it is contemplated in the plan shall cease.

The Court admit, that the combination of Government and Trade in India may be liable to some objection, and that it may be desirable for the Company to relinquish that portion of their commercial operations, if the requisite remittance of territorial funds can be otherwise effected with equal advantage, security, and regularity as at present. The plan, however, provides for the cessation not only of the Company's Indian trade, but also of their China trade. It proposes, in fact, to annihilate the Company as a commercial body, and to restrict them to the exercise of their political functions.

The Court submit for the consideration of the King's Ministers, whether, in one most important respect, consequences very injurious, to say the least, to the good government of India might not ensue from the adoption of this material change in the constitution of the Company; and whether the immediate effect of such a change might not be, that the Company, instead of forming, as they now do, an integral, independent, and important part of the machinery

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machinery by which the Government of India is conducted, would be reduced to a state of weakness and dependence, incompatible with the right performance of the momentous duty assigned to them.

The Court look upon the system of Indian Government established by the Act of 1784, as one in which the different authorities employed in carrying it on are eminently qualified to exert a beneficial check upon each other; and to this circumstance the Court are disposed to attribute much of the purity with which, since the passing of that Act, the Government has been administered. The nature of the local government of India, composed of three separate presidencies; the Governors of each of which act under the advice, and to some extent the control of their respective Councils, and the subjection of all the proceedings of this local Government to the Court, this body again subject to the control of the Board of Commissioners instituted for that especial purpose, make up a system of various powers, diverse in their origin, and acting under mutual influence, the effects of which the Court are disposed to think of incalculable value in a Government, the power of which over its subjects is almost absolute, and upon which public opinion can exert but a feeble and uncertain operation. If these remarks are well-founded, any measure, the tendency of which would be to remove from its position any one of the powers concerned in the government of India, or materially to weaken it in the exercise of its functions, is greatly to be deprecated. Now, to apply this argument to the case immediately in view, if the East-India Company (acting through the Court as their organ), were to lose any of their present power and influence; if, further, they were deprived of all effectual voice in the disposal of the funds which are now at their command, they might, indeed, be suffered to retain the nominal character of Governors of the British Territories in the East, but it is evident that all but the shadow of their former authority would be gone: they might, indeed, be charged with the same degree of responsibility as is now exacted from them in that capacity; but the grounds upon which much of this responsibility rests, and which render it just and proper that they should be held responsible, would no longer exist; and they would, probably, often have to incur the odium of resisting measures which they might consider objectionable, without having the weight and independence which would suffice to obtain for their objections a proper consideration. The Court are also firmly of opinion, that a considerable degree of independence should attach to the body in whom the patronage of British India is vested; and that, without the possession of such a character, the

the right of making appointments to office might prove rather a dangerous privilege,

Divested of thair commerce, from which the Company derive so large a portion of their influence and character in England as a body independent of the Government of the country, the Court greatly fear lest they should become merely an instrument for giving effect to the views of the Indian Minister, whose sway over India would, under the plan of His Majesty's Government, be almost absolute, and little exposed to the vigilance of Parliament, in consequence of the appearance of a check in the Company, which, if the apprehension of the Court be well founded, would be perfectly illusory.

The probability of such a result is greatly enhanced by that part of the plan which proposes to increase the powers of the Board, and to restrict those of the Company. You say, indeed, that the scheme allots important powers to the Proprietors. The only powers which it gives to them are those which they already possess; and whilst the Directors are to continue subject to all the present limitations, the Board are to be invested with authority themselves to send dispatches, without allowing of any appeal, although their contents may be opposed to the judgment of every member of the Court.

We admit, indeed, that according to the construction which has been put upon the right of appeal now possessed by the Company, that right is valueless, except as affording some opening for calling public attention to the subject of dispute. The Court earnestly press upon His Majesty's Ministers the expediency, with a view to the security of India, as well as to a constitutional control over the acts of the Indian Minister in this country, of allowing an appeal upon the merits of important cases arising out of the Government of India, in which the Board and the Court may differ; or, at the least, of providing for giving publicity by the communication to Parliament of such cases of difference between the two authorities.

The Court do not deny the expediency of making provision to limit the time during which it shall be open to them to appeal against alterations, and to secure the prompt transmission of the dispatch after the final decision of the appeal. They hope, however, that the expedient of allowing the Board, as well as the Court, to send dispatches, and thereby superseding the authority of the Court as the only body from which orders to the local Governments can constitutionally emanate, will never be adopted.

Nor is it only in respect of the transmission of dispatches that the Board's powers are proposed to be increased. By the plan suggested, the Court will

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be precluded from expending a shilling without the consent of the Board. That the Board should have a general control over the territorial expenditure both in India and in England, the Court fully admit; but they consider a continuance of the independent power which they now possess, of rewarding services and conferring pecuniary benefits, to be of essential importance to the efficient exercise of their functions. The plan further provides, that the Board shall have power of control over the home establishment, the very officers and servants employed by the Court.

The Court do not say that His Majesty's Ministers in proposing this plan intend to convert the Court into a Government Board. If that were their intention, the Court are persuaded that the Minister would not hesitate frankly to avow it. But the Court must candidly state, that, in their judgment, no scheme could be better devised to produce such an effect, than one which embraces the propositions to which we have now adverted, and which we confidently hope that the King's Ministers will see the propriety of modifying. We are encouraged in this expectation by the assurance which you have given, that it is intended that the Company "shall commence the exercise of their "resumed functions in the utmost possible state of efficiency."

In offering these remarks, the Court wish to be considered as speaking merely in the character, and under the obligations which that character imposes, of representatives of the people of India: as such, they desire to feel and to act during the present crisis: as such, they think that their situation entitles them to regard themselves; and their wish is, strenuously to avoid any line of proceeding inconsistent with the duties which such a character urgently demands.

It is in the same character that the Court attach value in a pecuniary point of view to the exclusive privilege of trade with China. They have not asked for, nor have they the least pretence to a continuance of that privilege, for any other financial purpose than that of supplying means necessary for carrying on the Indian Government. The Court would be understood as making this admission in the most unqualified manner.

In proceeding to notice the effect which a discontinuance of the Company's trade will have upon the finances of India, we must explain, that you have misapprehended the statement of the Secret Committee of Correspondence, that if "India had been called upon from year to year to provide funds to "repay the full amount disbursed by the Company, the public debt of India "since 1814 would have been upwards of seventeen millions more than it

"now

" now is." The Committee did not mean to say, that the commerce had contributed seventeen millions, but that India had been saved from borrowing that sum; and you are aware that the commerce receives only English interest from the territory, whilst the territory, for loans contracted in India, must pay Indian interest. This circumstance, and the difference of time (the statement in the Report of 1830 extends only to 1828-29, whereas that shewing the amount to be seventeen millions extends to 1833-34), explains the variation which you have pointed out. You will perceive that the statement of the Committee is exclusive of the advantage which has resulted to the territory, from the payment out of commercial funds of the interest on the Home-bond Debt.

The Court observe with satisfaction, that you are fully impressed with the fact, that the commerce of the Company has in past times proved a most useful auxiliary to the territory of India, not only by furnishing the latter with a safe and favourable remittance of the funds required for political purposes in England, but also by supplying to a great extent direct pecuniary aid to the finances of that country. But they also observe, that you appear to entertain a very strong opinion, that the territory, under proper financial management, is not likely to need this kind of assistance in future. While the Court are as fully sensible as His Majesty's Ministers can be, that it is not merely desirable to place India upon a solid basis of financial independence, but incumbent upon those to whom the duty of governing that country is entrusted, to adopt every prudent and practicable method for this purpose, they regret extremely that they cannot look forward with such sanguine expectations as you, Sir, appear to do, to the financial prosperity of India, when deprived of the support hitherto afforded to it by the Company's commerce. The only safe test whereby to judge of the financial capabilities of India prospectively, is past experience; and that, as you yourself admit, is directly opposed to the hypothetical expectations which you form of the future. So far from calculating upon any permanent increase in the territorial revenues, the Court cannot, under present circumstances, do more than hope that they will not materially decline; a point upon which they feel great anxiety, when they look to the actual condition of the land revenue.

With respect to charges, it seems to be the opinion of the King's Ministers that the expenditure of past times has been unnecessarily high, in consequence of the reliance placed by the local Governments on the commercial profits of the Company. The Court cannot altogether concur in this opinion; they

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believe that the embarrassment of the Indian Finances is to be ascribed principally to the expensive wars in which we have at different times been involved. But even admitting that the argument has some weight, it is only properly applicable to the period since 1814. Previously to that time it was contended by the opponents of the Company, that their commerce was not only unproductive, but was a clog upon the territorial revenues; and it was for the purpose of settling that controversy that the separation of accounts was prescribed. You are, of course, aware that, in the term preceding the separation of accounts, as well as in the succeeding period, there was a large territorial deficiency.

The Court would not be understood to despair of India ever becoming independent on external financial aid; nor can it be necessary for them to say, that their most strenuous efforts shall be joined to those of the Board of Commissioners for the promotion of that very important object. Still, supposing it to be achieved, and it must be some time, at least, before that can be the case, we would earnestly plead for a continuance of the present financial system, upon the ground that India possesses a strong claim to the advantage of any surplus fund that could be saved by reduction of charge. Has not India been kept poor through her connection with England? Has not England derived immense wealth from that connection? And may not India, therefore, justly ask that she should not be deprived of the financial advantages resulting to her from the Company's trade?

The Secret Committee of Correspondence were perfectly aware, that so far as respects the proposed annuity of £630,000, no additional charge would be imposed by the plan on the Indian revenues, since the plan provides for the relief to India of an equivalent amount of present charge, by means of an application of a part of the commercial property to the redemption of the territorial debt; but the apprehension which the Committee felt, and it is one in which the Court cannot but participate, was, that India, when she has lost those advantages which she now possesses from the Company's trade, might be unable to defray the present charges.

You say, indeed, that those advantages "have been drawn from the people "of this country, constituting as truly a tax on them as any of the national "imposts properly so called." That would certainly have been the state of the case, if the privilege which the Company possess had been used as a monopoly. But the Secret Committee have most correctly shown that such is not the fact. If you will refer to the Report from the Select Committee of the House

House of Commons of 1830, you will perceive that the Company have not received more than a fair mercantile profit upon the capital employed; and it will not surely be contended that the profit of a merchant is to be regarded in the light of a tax. If so, as we presume merchants who in an open trade import tea will expect a profit, the tax will still be continued, whilst a further direct tax will be necessary to defray the charge of collecting the tea duties. The great financial advantage which, as it appears to the Court, the present system possesses is, that by the concentration of a great trade, the reasonable profits of commercial operations are made available to supply a deficiency in the Indian revenues.

It is not only as regards an improvement in the Indian finances that His Majesty's Ministers are sanguine; they appear also to think that no difficulty will be experienced in effecting remittances from India on the territorial account, amounting to between two and three millions annually, upon terms as favourable as at present. The Court cannot indulge any such expectation; not that they deny that, when the Company shall have given up trade, the free trade from India and China will afford an extensive medium of remittance, but they think that it will be necessary for the Government either to consent to a sacrifice in the rate of exchange, by raising the requisite funds by means of drafts upon India negociated here, or to take the security in India and in China of a lien upon Cargo, thereby rendering necessary some commercial establishment there and in England; and, in either case, they are apprehensive that the punctual realization of the full amount cannot be safely relied on. The expedient of a bullion remittance could only be resorted to occasionally, and might, we apprehend, operate inconveniently upon India.

Upon this part of the subject we will only further state, that it is impossible, in the judgment of the Court, too highly to estimate the importance of securing to the Home Government of India regularly the funds requisite to meet all territorial demands. If there should be any failure in that respect, the consequences in paralysing the efficiency of the supreme authority, and in communicating to India all the odium and misery of an apparently bankrupt government, will be inevitable; for it should never be forgotten, that the vital spring of the whole of this complex machine for administering the government of British India, is in England, where constitutionally it can alone rest.

We are persuaded, Sir, that you will do the Court the justice to admit, that in thus pointing out the difficulties which present themselves to the adoption of the proposed scheme, they are only discharging their duty to His Majesty's

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Government, to the public, and to India. Need we add, that if, notwithstanding all that has been stated, it shall be finally determined to separate the trade from the territorial administration, it will be the earnest endeavour of the Court to lessen the inconveniences which they have suggested as likely to arise from such a measure. But they must repeat, that to enable them to do so with any good effect, the plan should, in their judgment, provide much more completely than it does at present, for giving independence and weight to the proceedings of the Court, in that part of the government of India which it is proposed to assign to the Company.

The Court have fully considered all that you say upon the advantages expected to result to this country and to India from the opening of the China trade. Most earnestly do they wish that those advantages may be realized, and that the apprehensions expressed by the Secret Committee of Correspondence may be proved groundless.

Far be it from the Court to say, nor did the Committee ever intend to convey the idea, that it was chimerical, "under any circumstances, to expect "an augmented demand for British manufactures among the Chinese."

The question is not, whether, under any circumstances, but whether, under the present circumstances, and with reference not to the Company's exclusive privileges but to the commercial policy of the Chinese, such an expectation can be rationally entertained?

The Court think not: and this opinion is very much grounded upon the important facts brought to your notice by the Secret Committee of Correspondence, *viz.* That the Americans, second only to the British in commercial enterprize, have made the experiment of taking British manufactures to China, and have found it unsuccessful; that the officers of the Company's ships, possessing peculiar advantages of freedom from freight and of established connection in China, take such manufactures to a very limited extent; and that, although the way has been long open for goods of that description to pass from India and the Eastern Archipelago to China, British merchants have scarcely ever availed themselves of it.

These facts elicited, during the Parliamentary investigation, and in no respect shaken by any evidence of a contrary tenor, you have not noticed; but you meet the question by an exposition of the general principles of free trade, and by a reference to the results of the open trade with India.

The Court, equally with you, Sir, appreciate the power of British industry, capital, and enterprize, if allowed free scope; but the check to such exertions,

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in this case, is not, as the Court think, to be found in the Company's privilege, so much as in the conduct and policy of the Chinese. The doubt which the Court entertain is, in fact, whether it be possible for private and individual competition to withstand, much less to thrive under, the system of trade prescribed by the regulations of the Chinese Government, which we have no power to alter, and which they have shewn a fixed determination to maintain, notwithstanding the efforts which have from time to time been made to induce them to relax it.

Upon the comparison which you have drawn from the open trade with India, as proving the effects of freedom in augmenting a demand for British manufactures, you must allow us to point out to you, that the results of the India trade in that particular are not such as you suppose them to be. If you will examine the Custom-house returns, you will perceive that in *value* the exports of British manufactures to India increased in a larger ratio during the Company's last term, *viz.* from 1793 to 1814, than they have during the present. The quantities exported have undoubtedly increased during the present term as compared with the former, but the increase is much more than accounted for by abatement of cost; whilst, both in value and in quantity, the comparison is in favour of the former term, if we except cotton manufactures, which to a great extent have become a new article of export since 1814, and that not as the consequence of free trade, but of the power of machinery, and of other circumstances affecting trade generally.

If His Majesty's Ministers should think it necessary, the Court will be prepared to establish these several points; and being established, you, Sir, will admit that you do yourself injustice, that you do injustice to the eminent persons who with you were of opinion in 1813 that there was no ground to expect, without a change of circumstances, that the demand for British manufactures in India would materially increase, when you assert that such predictions have been disproved.

But were the fact as you have supposed it to be, what analogy is there between China, where an Englishman can plant his foot on one spot only, and that merely by sufferance, and where a jealous government imposes whatever regulations it thinks proper for the protection of its own manufactures, and India, where there is resident a large and increasing body of Europeans, and where the British Government may provide, as it has done, by fiscal regulations, for encouraging the manufactures of Great Britain, to the prejudice, if not to the entire destruction of those of India?

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The Court therefore cannot agree with you, that any argument for throwing open the trade with China can be drawn from analogy with the working of the trade with India.

It would seem that the King's Ministers are also impressed with a belief, that even supposing no increase to take place in the exports from this country, an open trade would produce an increase in the exports from India to China; and you express an opinion, in which the Court entirely agree, that any view of the question of the China trade which excludes India, must be essentially defective.

We have no hesitation in stating our conviction, that whether the China trade be privileged or free, it must take the course principally of a remittance trade from India; it being quite clear, that the most advantageous mode which can be adopted for placing funds in China for the purchase of teas, is by drafts upon India. Indeed, His Majesty's Ministers must be aware, that nothing but the anxious desire which the Company have felt to uphold the manufacturing interests of Great Britain, has prevented them from buying all their teas with money from India, instead of purchasing one-third, as at present, with the proceeds of British manufactures. It will, perhaps, be said, that the Company, in doing this, have proved themselves to be bad merchants. That may be true. Their apology must be, the zeal with which, as British subjects, they have been animated (honest, though possibly mistaken), to promote what they conceived to be important interests at home.

In an open trade merchants will, of course, have no other view than their own interests; and as those interests will be best promoted by exchanging the produce of India for that of China, the Court cannot but join with His Majesty's Ministers in expecting an increase in the exports from India to China. But this advantage would arise not so much from a cessation of the Company's privilege, as from a discontinuance of the practice which the Company have adopted, of sending large quantities of British manufactures to China.

We think it right here to explain, in reference to the comparison which you have drawn between the private trade of India with China in 1813-14 and in 1829-30, that the statement from which you have taken the value in the former year is confessedly imperfect, owing to the want of proper documents, as it includes the exports to Canton from *British* Indian ports only; whereas the value given for 1829-30 includes the imports into Canton from *all* the ports in the East-Indies. But not to lay much stress upon this circumstance, the Court must beg to remind you, that the cause of the large increase of the

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private-trade from India to China since 1813-14, is to be traced to the rapid growth of the *smuggled* trade in opium. Out of the total value of private imports into Canton from India, amounting in 1829-30 to Dollars 18,447,147, no less a proportion than 13,468,924 dollars was the value of opium. The trade in this article is prohibited by the laws of China, and it is consequently one in which the Company have never engaged. Had they done so, the comparative statements of the Company's and the Private-Trade, to which you have referred, would have exhibited very different results. This explanation, the Court think, goes very far to deprive any arguments, founded upon the growth of the private-trade, of the weight which might otherwise have attached to them. And here the Court cannot refrain from expressing their apprehension of what may probably be one consequence of an alteration of the existing system of our commerce with China. At present the Chinese Government receive regularly a large revenue from the Company's trade; and secured in the possession of this income, it is not very strict in enforcing its own laws against the trade in opium, which is so important to the Indian revenues. But if the general trade with China, instead of being under the management of one body answerable for, and controlling the whole, were transferred to the hands of private individuals, each pursuing his course according to his view of his particular interests at the time, there cannot be much doubt that the high notions of the free traders to which you have alluded, so utterly at variance with the jealous policy of the Chinese Government, would not long be confined within the bounds which that policy has prescribed. Hence a danger, by no means improbable, that the *whole* of the British trade would gradually become a smuggled one; and that, in such an event, the Government of that country, finding their revenue from the trade no longer secure, might put an end to it altogether.

Supposing an increased export to China of the manufactures or products either of England, or of India, you contemplate the increase with peculiar satisfaction; because, as China makes her return in an article which is produced no where else, the enlargement of such a trade will not be at the expense of the other customers of Great Britain. From which we infer, that, you are of opinion that the people of Great Britain, or her customers in other countries, will not only consume more tea, but will expend more money in the purchase of that article, when the trade is open, than they now do; and that such increase of expenditure will provide the means of paying for the augmented quantities of goods which it is assumed will be sent to China. Before this

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this result can be brought about (it being always, we presume, supposed that one benefit expected from the discontinuance of the Company's privilege is, that tea will be cheapened to the consumer), there must be a vast increase in the quantity of tea brought to market, as well as in the demand for it; and the Court cannot but think that deterioration of quality would inevitably follow.

You rely upon the effect of rivalry among the dealers in tea to prevent this consequence; but in China the tea trade is confined to the Hong, to which, as stated in the Report from the Select Committee of the House of Commons of 1830, "the Company's influence has afforded a necessary and efficient "counterpoise." There can, therefore, be little or no rivalry among the persons who supply the tea in China.

The Court submit it as their opinion, that the consumption of tea depends chiefly on the quality, and that the inspection which the article at present undergoes at Canton, and the control the Company possess in the market there, have the effect of maintaining the general quality of the tea investment. To this circumstance may fairly be ascribed, the extensive use of tea among the people of Great Britain, in comparison with those of any other country, not excepting even America.

In closing their remarks upon the subject of the trade in Tea, the Court trust that you will acquit the Secret Committee of any intention to obtrude unnecessary observations respecting the large revenue which that article affords to the public exchequer. Most entirely do the Court and their Committee feel with you, Sir, that this part of the question is matter rather for the consideration of the King's Ministers than of debate with the Company. Still, when you bear in mind, this the revenue of between three and four millions annually is regularly paid by the Court, and that the Company's system saves the expense of collection, you will admit, that it was only natural for the Committee to state prominently facts of such importance, and to which they were constant eye-witnesses.

Upon the proposed appointment of a Chief and Council at Canton the Court beg leave to observe, that though they must not be understood as asserting, that the broils and disputes in which British private-traders might become involved with the Chinese, would, in general, lead to the suspension of the whole trade, yet they are satisfied that no officer or officers whom the King's Government might appoint as the British representative, would have the influence which the Company's Select Committee possess with the Chinese authorities, in bringing such

such disputes to a favourable termination. The influence of the Select Committee is to be traced chiefly to the circumstance of their being the sole managers of an extensive and valuable trade, which they have it in their power to suspend at any time, when pressing considerations require such a course of proceeding; and there is also this advantage resulting from the Company's being required to retain on hand a large stock of tea, that a suspension of the trade for a whole season does not involve any want of the article at home. How little influence even a King's Ambassador would have, without such a character as that possessed by the Select Committee, may be seen in the failure of all former embassies to the Government of Pekin! The Court are also inclined to think, that while no authority could be more determined than the Select Committee in resisting substantial injustice on the part of the Chinese authorities, they are much more capable, from their peculiar character, of settling disputes in an amicable manner than a King's officer, even though he were invested with power to suspend the trade; that while they, without loss of honour, could concede upon smaller points, the latter, being an immediate representative of the British Crown, would frequently have no course left but one which would necessarily terminate in hostile extremities.

In proceeding to the question affecting the property and claims of the Company as a commercial corporation, the Court think it necessary to remove the misapprehension under which you labour, in supposing that the suggestion which the Secret Committee of Correspondence have made on behalf of the Proprietors, could not be met without conceding *all* that the Company claim. What the Secret Committee suggested, *viz.* that the Proprietors should be considered entitled to such an amount of the property as, if invested in Consols, would be sufficient to produce the annuity of £630,000, might be accomplished by the outlay of eighteen millions sterling.

The statement which you have given of the property claimed by the Company shews the amount to be more than twenty-three millions; and even after deducting the unappropriated surplus profit, it would exceed twenty millions: this is exclusive of the property in India, the value of which was estimated by the Indian Minister in 1793 at £250,000 per annum, which, at twenty years' purchase, is equal to five millions; and although it is quite true, as you state, that the right to this property has remained in abeyance for seventy years, yet the Company's title to it, so far from having been questioned, has been distinctly recognized and expressly reserved in the several

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Acts of Parliament by which the term of the Company's privileges has been from time to time renewed.

If, therefore, all that the Committee suggested were carried into effect, there would still remain a considerable amount of property to be made over (should it be so decided) to the territorial branch.

But you seem to think that the accuracy of the statements of the Company's property may be questioned; that, supposing their accuracy to be established, doubts may be entertained of the legal right of the commercial branch to some of the items; and that the whole of the Company's property, whatever be its amount, may be deemed subject to overwhelming liabilities.

Upon the first of these points, *viz.* the possible inaccuracy of the statements, the Court wish it to be distinctly understood, that they have no desire to avoid the most searching scrutiny into their accounts. It may, indeed, excite some surprise, that any such scrutiny should now be deemed necessary. During the last three years, Committees of Parliament have been diligently employed in investigating the Company's accounts; information of every kind required for their elucidation has been promptly supplied; evidence tending to impugn their accuracy has been freely received, and has given rise to evidence of an opposite character. A professional Accountant has been called upon by the Board to render assistance in this matter, and voluminous details have been furnished, sufficient for the completion of any investigation, however minute, which the most scrupulous objector could desire; besides all which, the amounts of two of the most material of the claims, those for the balance of war expenditure and with regard to the home bond debt, were long since vouched for by the decision of a Committee of Parliament. Yet now, within six weeks of the time when His Majesty's Ministers have determined to bring the subject of the Company's affairs under the consideration of Parliament, and to propose a final dissolution of the connection between the territory and the trade, you suggest that, previously to the Company's taking to themselves any part of the property claimed as their own, it will be necessary to apply a searching scrutiny to their accounts, unless they acquiesce in such a compromise as that which you have proposed:—and you ask, "What, in the "mean time, will be the situation of the East-India Stockholders? from what "funds are the dividends to be paid?"

We cannot permit ourselves for an instant to doubt, Sir, that it is your desire that nothing should be introduced into this discussion calculated to excite alarm

alarm in the breasts of the Proprietors whose interests are so deeply involved. Their dividends would be paid, as at present, from the proceeds of the Company's sales, which must continue until 1836, owing to the operation of the Commutation Act; and by that time it might be hoped that the supposed scrutiny would have terminated. But, on the other hand, the Court may be allowed to enquire, what would the territorial branch do for funds? It can have no right to a farthing from the home treasury after April 1834, and therefore, as you justly apprehend, "a good deal of difficulty might occur in furnishing the funds necessary for the current home expenditure."

The doubts which you suggest as to the legal rights of the Company to some of the commercial property, appear to refer principally to that portion which consists of profits of trade accumulated between 1794 and 1813; respecting which we must observe, that the commercial assets of the Company in 1794 (previously to which year the growth of the capital had been checked by urgent and heavy demands of the territorial branch) amounted to eleven millions, instead of eight millions as assumed by you; so that, adding the balance of war expenditure and the value of property in India, you will perceive that, even in 1794, and excluding all the accumulated profits in question, there was sufficient commercial property to purchase the proposed annuity in Consols.

But further, whilst Parliament, since the acquisition of the Dewannee, has restrained the amount of dividends, it has imposed no limit upon the growth of the trading capital; and so far from objecting to the Company's title to the whole of the trading stock as it stood at the commencement of the present term, made provision in the Act of 1813 against any diminution of its amount, through the continued connection with the territory, by requiring a reimbursement to the Company, *in full*, of all sums expended by them for political charges; and so binding is that enactment considered, that the Court, according to the advice of Counsel (of which you have been apprised), are at liberty, without any control on the part of the Board, to require the Indian Government to replace the portion of the Company's capital now due, as the balance of political expenditure in England.

We must also remind you, that the ulterior appropriations to which the home profits might have been considered applicable under the Act of 1793, were cancelled and repealed by the Act of the 53d Geo. III. cap. 155, sect. 61; and that the 4th section of that Act expressly provided for the continuance by the Company, *after* 1834, of trade "with all, or any part of their joint stock, "in trade, goods, merchandize, estates, and effects." Provision of that nature

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appears to have been made in successive enactments, since the 3d Geo. II. cap. 14, which in the most express terms recognises the right of the Company, collectively and individually, whenever their exclusive privilege shall cease, to any property and estates which they may possess *beyond the subscribed capital.*

You have raised a further question, "whether the whole of the Company's "commercial property be not legally responsible for those debts and engage- "ments which have been contracted, in the Company's name, for political "and territorial purposes, and whether it will not continue so responsible, "even although the Company should be wholly deprived of their political "powers and functions."

The Court are entirely persuaded, that if you, Sir, and His Majesty's other Ministers, had more fully reflected upon all the bearings and circumstances of this case, you would at the least have paused, before you gave currency, with the sanction of such high authority, to the doubt propounded in the passage which we have now quoted, and would have seen that questions regarding the liabilities of the territorial and commercial branches respectively, when severed by such a scheme as that which is now proposed, must be solved upon principles of substantial justice, rather than by subtle refinements of law.

We appeal to you, Sir, we appeal to the King's Ministers generally, whether it can consist with common justice, that the trading stock of a commercial corporation should be held liable for the political debts of the British Empire in India; which empire would, in the case assumed, be wrested from the Company by an act of power. We say "wrested," because that, which you characterize as "a pure gift from the British Parliament," that Parliament has distinctly reserved as a question never yet decided.

The ground of the supposed liability is, that the torritorial debt was contracted in the name of the Company. But, Sir, if there be any validity in that reasoning, what (the Court ask, and they do so with the utmost respect), what becomes of the territory itself, every inch of which has been acquired by, and is held in the name of the Company? What becomes, again, of the civil servants of India, who are all under covenants to the Company? Or what, lastly, becomes of the Indian army, every member of which is bound by allegiance to the Company? Is it not abundantly clear, that as the Company using but one name, have acted in a two-fold capacity, the mutual engagements and liabilities of the territorial and commercial branches must possess their separate and distinctive characters; and, therefore, that the territory and the territorial debt must go together?

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The Court remark, that after raising the question regarding the liabilities of the commercial property to the debt of India, you suggest, that the territorial creditor has no direct lien upon India, notwithstanding that Parliament has provided that the interest of the debt shall be paid out of the territorial revenues, and that no portion of such interest shall be paid out of the commercial funds.

When we advert to those parts of the Act of 1813, which make the interest of the debt a territorial charge exclusively, and guard against any deterioration of the commercial property through the Company's connection with the territory, we can scarcely conceive it possible that a moment's doubt should be entertained, that if Parliament did not technically, it did virtually, substantially, and in good faith, grant to the Indian creditor a lien upon the territorial revenues for his principal.

Whilst the Court, in vindication of the rights and interests of their constituents, have felt it necessary to make the foregoing observations, they request us to assure you, that, far from having any desire that the Company should pursue their claims "with unqualified rigour," they see no objection to a settlement upon the principle of fair and liberal compromise. That principle is, in fact, recognized by the Committee of Correspondence, in their Minute of the 2d of January.

By acceding to the compromise which the King's Ministers have proposed, the Company would surrender every right and all the property that they possess; but, on the other hand, what would the territory relinquish? Nothing; absolutely nothing. It would, indeed, lose, and the Court deeply regret that it should lose, the large advantages which it derives from the Company's trade; but, as the result of the compromise, the territory would evidently relinquish nothing, the charge of the annuity being, as you observe, countervailed by diminution of debt, through an application of the commercial assets. Not only would the territory be no loser by the arrangement, it would positively be a gainer to the extent of the surplus of the commercial property after providing the dividend.

To this you will probably object that we are thus assuming the territory to have no right to the commercial assets. We are so. We take that ground, and contend that, it is perfectly substantial, and consistent with the Act of the 53d Geo. III. cap. 155, which has subjected the territory to all its present charges (and they are not to be increased by the suggested arrangement), and

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has guarded against any encroachment by the territory on the commercial assets.

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In proposing to the Company to accept as an equivalent for all their property and claims an annuity of £630,000, payable half-yearly, or in other words, a dividend at the present rate of $10\frac{1}{2}$ per cent. secured upon India, the King's Ministers appear to have been guided by the appropriation clauses in the Acts of 1793 and 1813; and the Court admit, that the intention of Parliament, probably, in both of those enactments, but certainly in the latter, was to secure to the Proprietors always the dividend of $10\frac{1}{2}$ per cent. and no more, until certain reductions should have been effected in the territorial debts. It is, however, equally clear, as indeed you seem to allow, that Parliament made that arrangement, because the Proprietors were entitled to commercial property fully sufficient to provide for such dividend.

The King's Ministers now propose to grant the same annuity, but to secure it upon the Indian territory exclusively. The Court will candidly state their two principal objections to this proposal. They object to it, first, because the plan gives to the Board of Commissioners, who alone of the three authorities to be entrusted with the government of India will have no personal interest in its welfare, a sway almost absolute; so that, whatever the Proprietors and Directors shall think essential to the security of the dividend, may be opposed and overruled by the controlling Board: and, secondly, because, in the event of the finances of India becoming embarrassed, either through the cessation of the Company's trade, through the occurrence of war, or from any other cause, it may not be possible for India to pay the dividend in addition to all other charges; and although you intend that the dividend shall have precedence of the territorial charges in England, yet the Court feel that it would not be possible, neither would it be proper for the Company, as rulers of India, to receive from the territorial revenues for their own use, any thing, until all current obligations had been met. What would be said, if India required stores to prosecute a war, and the Company refused to send them, because there were not the means to pay for the stores without trenching on the dividend? Even under the operation of the Act of 1813, the Company have not escaped from imputations (most unjust and unfounded, we admit,) of receiving dividend to the inconvenience of the territory. We entreat, Sir, your attention, and that of your colleagues, to this fact, as strongly confirming the objection which the Court have expressed. You will find on reference to the Financial despatch to Bengal

Bengal dated the 24th of September 1828, para. 259, that Lord Amherst, when Governor General, adopted as his own view, the statement of his Secretary, that the consignment of bullion to the Company, from India, in repayment of territorial expenditure at home, would raise the popular cry "that "we had looked merely to commercial dividend."

The Court are, indeed, aware that, at present, priority is given to the dividend over political charges; but then the dividend is paid out of commercial funds, provision being made that, in the event of a deficiency of means to meet political demands, Parliament shall supply it. You have not proposed a continuance of this provision: Nor do the Court ask it; although they feel with their Committee, that it would "not have been unreasonable to expect "that some provision would be made by the country, to compensate the Com- "pany for the services which they have rendered, for the risks which they "have run, and for the sacrifices which they are called upon to make." They are most sincerely desirous that the adjustment of the Company's affairs should be effected without subjecting Great Britain to the remotest pecuniary liability on account of India.

But the Court trust that His Majesty's Ministers will see the propriety of more effectually guarding the interests of the Proprietors. At present, the property upon which the security for the dividend rests is principally embarked in a trade which centres in England, and some parts of it are actually invested in the public securities of this country; and now that the trade is to cease, the Court submit that, if the dividend is to be charged upon India, the least which the Proprietors are entitled to expect is, that some collateral security for the regular payment of the dividend, and ultimately, if necessary, the principal, in the shape of an effective sinking fund, based upon the investment in the national stocks of some portion of the commercial assets, should be established.

This proposal need not interfere with the wish which the King's Government has, to bind up the interests of the Proprietors with those of India. Nor is it opposed to, on the contrary, it is perfectly consistent with the principle of every Parliamentary enactment which has contemplated the formation of a guarantee fund. Neither would it be calculated to act prejudicially upon the finances of India, as upon the fund being equal to meet the demand of the Proprietors in full, the interest on the accumulated amount would belong to the territory. If, as we can scarcely permit ourselves to doubt, you should be pleased to entertain this suggestion, there will not, we think, be any difficulty

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in adopting it upon a satisfactory basis. But the Court are decidedly of opinion, that without some arrangement of the sort, justice will not be done to the rights and interests of the Proprietors.

The Court would further submit, whether at the expiration of the term of the annuity (which we are glad to find is not to be a short one), the Proprietors should not receive as much principal as is now to be applied out of their property to the discharge of territorial debt.

In considering these suggestions, dictated by an earnest desire to meet, as far as possible, the views of His Majesty's Ministers, we entreat, Sir, that it may be recollected, that the Proprietors are asked to surrender not only all their property and claims, but also their right to trade in perpetuity. You say, indeed, that the latter condition is not required, and that the right to trade is to remain only in abeyance; but as the proposals involve the transfer to the territory of all the Company's trading capital, the arrangement must be regarded as virtually including a surrender of the right to trade; a right with which it must be remembered that the Company were originally invested for the attainment of an important national object, to which neither individual enterprize nor means were adequate, and which it is acknowledged has produced the most important and beneficial results to India and to England.

Before we conclude this letter, we deem it important to call your attention to two points: First, the period to be allowed to the Company for winding up their commercial concerns. We presume that that will be the period fixed for the commencement of the open trade. It would, we think, be only deluding the public and injuring the Company, or rather the Indian territory, supposing the proposed arrangement to be carried into effect, to sanction a free trade with China previously to the disposal of the large stock of teas retained by the Company in obedience to the law, and this will not be effected until June, 1836. And secondly, the necessity of making provision, out of the Company's property, for outstanding commercial obligations, and for suitable pensions to the servants of the Company, whose interests may be affected by the change of system.

We have only to add, that nothing which we have said now, or upon any former occasion, is to be considered in the least degree as committing the Proprietors, to whom the proposals of the King's Ministers, when finally matured, and we trust, for the sake of all parties, considerably modified, will be submitted.

You may be assured, Sir, that no delay which the Court can avoid, shall occur

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in their taking the sense of their Constituents. You must be aware, however, that some time must necessarily be occupied in doing so; and we are persuaded that, in stating that if no decision of the Proprietors should be communicated to you by the 23d of March, you would feel yourself compelled to consider it as a declining of the proposal, it could not have been your wish or intention to force on a premature decision on questions of such grave and vital importance to the East-India Company.

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We have the honour to be, Sir,

Your most obedient humble servants,

(Signed) J. G. RAVENSHAW.
C. MARJORIBANKS.

The Right Honourable Charles Grant, M.P.
&c. &c. &c.

No. XIX.

AT A

SECRET COURT OF DIRECTORS,

Held on Friday, the 15th March 1833.

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Secret Court, 15 Mar. 1833.

THE Chairman laid before the Court a letter from the Right Honourable Charles Grant, dated at the India Board the 14th instant, and received this day, acknowledging the letter from the Chairman and Deputy Chairman of the 27th ultimo, which conveyed the sentiments of the Court on the Paper of Hints respecting the Company's Charter, transmitted by Mr. Grant to the Chairman on the 17th December last, and on the statements and arguments contained in Mr. Grant's letter of the 12th ultimo, and explaining the views and intentions of His Majesty's Ministers upon the points in which the Court conceive the plan to be seriously, if not conclusively, objectionable; reserving for future discussion many of the topics touched upon by the Court, and which do not involve the Court's approbation or rejection of the plan.

The said letter was read.

And after a discussion of some length,

The further consideration thereof was adjourned until to-morrow.

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Letter from the Rt. Hon. Chas. Grant, 14 Mar. 1833.

No. XX.

LETTER *from the Right Honourable* CHARLES GRANT *to the* CHAIRMAN *and* DEPUTY CHAIRMAN.

(Secret.)

India Board, 14th March 1833.

GENTLEMEN:

I have the honour to acknowledge the receipt of your letter of the 27th ultimo, expressing in detail your sentiments on the Paper of Hints transmitted by me to the Chairman on the 17th of last December, and on the statements and arguments contained in my letter to you of the 12th ultimo; and in the promptitude of this communication I recognize, with pleasure, a proof of your determination to conduct the present discussion with all the celerity which may consist with the serious and vital importance of the questions to which it relates.

Having attentively perused the observations which you have offered, and, in connection with them; having carefully reconsidered the subject at large, I should have been happy to reply to your letter with the fulness and minuteness to which it is entitled, and in the course of that reply to enter into such defence, explanation, or qualification of the opinions before stated by me, as might be most agreeable to truth and justice. But I am, on mature reflection, satisfied that I shall best consult both your wishes and the public interests, by confining my present communication to those essential points on which, as I understand you to intimate, your acquiescence in the plan of compromise tendered to you by His Majesty's Government, and your recommendation of that plan to your Constituents, are suspended.

Your letter, naturally following mine into a considerable extent of remark and disquisition, touches on many topics which, whatever their intrinsic importance, or even their relevancy to the general subject of the connexion between this country and India, are comparatively immaterial in the particular stage which the present discussion has attained. They do not involve your approbation or rejection of the plan proposed by His Majesty's Ministers. Such topics, therefore, I shall, on this occasion, altogether avoid, not only from the necessity of economizing time, but from the obvious expediency of narrowing the field of debate to the matters really at issue.

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In taking this course, I need scarcely request that I may not be misunderstood, as meaning to treat with disrespect those of your statements and reasonings which I leave unnoticed; and, on the other hand, I must be allowed distinctly to ask, that my silence regarding such statements and reasonings may not be construed into an admission of their correctness.

The discussion now opened must for some time, and in various shapes, occupy the attention of His Majesty's Ministers, of the Company, and of the Nation. The progress of it is therefore likely to afford an abundance of opportunities, far more convenient than the present, of elucidating, in all its branches and bearings, the plan under review, and of examining the various opinions respecting it which may have been expressed by any of the parties concerned.

I will therefore proceed at once to state, in concise terms, the points in which, as I collect from your letter, the Court of Directors conceive the plan to be seriously, if not conclusively objectionable; and on each of these I shall, with the same brevity, and with as little of comment as possible, explain the views and intentions of His Majesty's Ministers.

First. The Court apprehend that the effect, though not the design, of the plan will be, "that the Company, instead of forming, as they now do, an "integral, independent, and important part of the machinery by which the "Government of India is conducted, will be reduced to a state of weak-"ness and dependence, incompatible with the right performance of the duty "assigned to them.

"Divested of their commerce, from which the Company derive so large "a portion of their influence and character in England as a body independent "of the Government of this country, the Court greatly fear lest they should "become merely an instrument for giving effect to the views of the Indian "Minister."

It is afterwards stated, that the plan may be expected, though not so intended, "to convert the Court into a Government Board."

To these, and other general allegations of the same kind, I will here return this general answer, that it is the intention of His Majesty's Ministers that the Court and the Board shall, in all material points, retain the same comparative powers, and occupy the same relative position as at the present moment; and the Ministers believe that, notwithstanding the loss of that commerce, and the consequent extinction of that commercial influence which the Company have hitherto possessed, that body will, on the whole, preserve,

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without sensible diminution, and in some respects with increased effect, its present importance and independence, as a part of the machinery employed in the administration of the government of India.

Of course it cannot be meant or anticipated, that the Court shall be reduced to the situation of a Government Board. No such intention can fairly be inferred, nor can any such consequence follow from that disjunction of commercial and political functions, which, after the most careful advertence to the experience of the past, His Majesty's Ministers deem essential to the good government of our Indian empire.

Secondly. The Court complain, that according to the Government plan, the Board is to be authorized to send despatches to India directly, and without admitting of any appeal; and they recommend the allowance of an appeal on the merits of important cases arising out of the government of India, on which the Board and the Court may differ; or, at the least, some provision for a communication of such disputed cases to Parliament.

In answer, I request the attention of the Court to the following explanatory remarks and statements:—

1st. The right of appeal by petition to the King in Council, which the Court now possess under the act of the 33d George III. cap. 52, section 16, is applicable only to cases in which a question arises, whether a despatch sent by the Board to the Court for transmission to India relates to matters of commerce, on the one hand, or to those of government or revenue, on the other. When the Company's commerce has ceased, no such question can arise, and the right of appeal expires as a matter of course.

2dly. Cases may occur, in which the Court dispute the lawfulness of an order or instruction proposed by the Board to be transmitted to India, and for these some provision must be made; but whether by referring them to any of the established tribunals of the country, or to some judicature specially appointed, or in what other precise mode, will be matter of future discussion. His Majesty's Ministers see no reason to doubt that a mode satisfactory to both parties may, without much difficulty, be found, by which, on the Court's presenting a remonstrance against the legality of an order or instruction, the question may be brought to a final decision: the time to be limited, within which such remonstrance must be preferred.

3dly. If the time so allowed be exhausted without any remonstrance, or if the matter drop by default of the Court, or be decided against the Court, the Court shall send out the despatch to India within a further limited space of time.

4thly. The despatches hereafter transmitted by the Court to India shall not be signed by the Directors, or any of them; but such despatches shall, as now, be drawn up in the name of the Court, and an officer of the Court shall be empowered to send them out, signed by him, in the name and by the order of the Court, first affixing to them the Company's seal.

5thly. In the event of the Court neglecting or refusing to transmit to India, within a limited time, any despatch sent to them by the Board for such transmission, which by law they ought so to transmit, the Board may direct the proper officer of the Court forthwith to transmit such despatch, with the same formalities as if it had been delivered to him for that purpose by order of the Court; and such officer shall, on pain of forfeiture of his situation, be bound to obey the direction.

6thly. His Majesty's Ministers are clearly of opinion, that in cases of difference between the Court and the Board, no appeal to any third party on the merits can be allowed, nor can any new or express provision be made for the communication of such cases to Parliament. Even under the present system, however, matters in dispute between the two authorities in question may, in many ways, be brought under the notice of Parliament, and this species of reference will be equally practicable under the new arrangement.

Thirdly. The Court object to that part of the Government plan which provides, as stated in the Paper of Hints, that the Board shall have the same power with regard to pensions or salaries below £200 a year, and to gratuities below £600, as they now have with regard to pensions, salaries, and gratuities above these amounts; and farther, that the home expenditure and establishments shall be under the control of the Board.

The Court consider the independent power which they now possess of rewarding services and conferring pecuniary benefits, to be of essential importance to the efficient exercise of their functions. They complain, also, that the Board should have power of control over the very officers and servants whom they employ.

On this part of the subject I can truly say, that nothing is more foreign from the wish of His Majesty's Ministers, than that the Court should unnecessarily be deprived of any of the means or opportunities which, under the present system, they enjoy, of remunerating service, or of conferring marks of grace or munificence. But the Board cannot forget, that the functions of control and inspection with which they themselves are invested have a special reference to the territorial revenues of India, and that, under the

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new order of things, those revenues will constitute the only fund on which pension, salary, or gratuity can be charged.

The Board do not therefore conceive that it will be possible to leave to the Court that discretional application of the revenues, for the purpose of conferring rewards or favours, which the Court are desirous of possessing; nor, on the other hand, can the Board admit that the exercise of the control, which would constitutionally belong to themselves, over the application of any part of the revenues to the purposes in question, as well as over any other application of them, could possibly operate to the diminution or disparagement of the just dignity of the Company.

The expenditure connected with the home establishment partly falls within the scope of the same observations, but partly also rests on different grounds. Here also the territory is the source of supply; but the object of the expenditure is of prime necessity, and at the same time of limited and ascertainable extent; and the general purposes of control can be answered without a minute inspection of items.

The Ministers are not aware of any objection to the introduction of a legislative provision, by which a specified sum, to be agreed on from time to time between the Court and the Board, should be placed in the hands of the Court, to be applied in defraying the charges of the home establishment, care being taken that the disposal of such sum should be accounted for to the Board, but the Board not being invested with any power of interference in the details of such disposal, nor having any voice, collectively or individually, in determining what persons shall be employed as officers or servants in the home establishment, or according to what rule or scale they shall be promoted or remunerated.

The fourth objection offered by the Court, and the last which I feel it necessary to notice, relates to that fundamental part of the Government plan which proposes to secure the annuity to be in future received by the Proprietors of India Stock in the Indian territory exclusively.

On this very important subject I should fear to do injury to your remarks and suggestions by attempting to abridge them; and, on the other hand, an exact transcript would swell this address to an inconvenient length. I will therefore content myself with referring to your letter thus generally, and will proceed to request your attention to the following observations.

1st. His Majesty's Ministers are distinctly of opinion, that under the operation of the plan, no moral or honorary obligation will attach on the Company,

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to postpone their receipt of their dividends to the satisfaction of all other current demands of the territory; but, on the contrary, that those dividends will be payable, and ought always to be paid, as the interest of the territorial creditors has hitherto been paid, on the day on which they fall due, and that the estimates and arrrangements necessary to obviate all risk of a failure in the punctual discharge of them, ought to be considered as a matter of paramount importance in the management of the Indian finances.

Let it be recollected, that the Proprietors, when transferred to India, will stand precisely in the position of the territorial creditors, and ought, in all respects, to enjoy the same rights. Farther, it is a matter of the utmost concern, even to the territory itself, that the dividends of the Proprietors should be punctually realized. No room exists, therefore, for subjecting the Proprietors to the supposed obligation for which the Court contend. In order, however, to obviate any embarrassment on the subject, His Majesty's Ministers think that it will be proper, and would not be difficult, to provide, by express enactment, against the inconvenience which the Court apprehend.

2dly. The Government are most anxious to meet, so far as they are able, the wish expressed by the Court, that the interest of the Proprietors should be fortified by some collateral security in the shape of a sinking fund, formed by the investment of a portion of the commercial assets in the national stocks of this country. Their power, however, of acceding to this wish is necessarily limited, by the obligation under which they feel themselves to be placed, of maintaining the general principles of the proposed arrangement.

If, by investment in the national stocks, a large fund were provided, under the condition of immediately indemnifying the Proprietors for any failure in the current payment of their dividends, it must be obvious that one great principle of the arrangement, that is, the principle of identifying the interests of the Proprietors, as such, with those of the Indian territory, would in a great measure be sacrificed. On the other hand, it seems to the Government that security may, in a certain form, be afforded to the Proprietors against eventual loss, without any material prejudice to the principle in question, and even with some advantage to the practical operation of the plan in other respects.

With this view, the Government propose:

That there shall be taken out of the commercial assets of the Company the sum of £1,200,000 sterling, which shall be invested in the national stocks or other public securities of this country, and shall, with its accumulated interest form a fund, as a guarantee or collateral security for the capital stock of the Company, and applicable to its future redemption.

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That this sum shall not, nor shall any part of it, nor of the dividends arising from it, be applied to any other purpose than the formation of such guarantee fund for the object just mentioned; but that it shall be suffered to accumulate until it shall be applied, as hereinafter mentioned, towards the redemption of the annuity of £630,000, or until it shall, together with its accumulations, amount to the sum of twelve millions; after which, no further accumulation shall take place, but all the subsequent interest or dividends shall be applied, at the option of the Directors and the Board, either towards the discharge of the principal of the general territorial debt of India, or in some other manner for the benefit of the territory.

That at the time which shall have been fixed by Parliament as the period when the annuity of £630,000 payable out of the territory to the Proprietors shall become redeemable, the whole of the guarantee fund, as it then subsists, and whether it shall then be of the amount of twelve millions or of any lower amount, shall be applied in or towards the redemption of that annuity, on the terms which shall have been prescribed by Parliament.

In carrying into effect this scheme, it may be convenient to the Company to avail themselves of the debt owing to them from the Public of £1,207,559. 15*s*. which, under the act of the 33 Geo. III., cap. 47, section 7, they are entitled to receive on the determination of their exclusive privileges. The Government are ready to repay that debt on the part of the Public: or should the Company prefer it, to retain the sum of £1,200,000 in their hands as a loan, paying such interest for it as may hereafter be agreed upon. In the former case, the sum would merge into the general mass of the commercial assets of the Company, and would of course fall under the general operation of the proposed arrangement: in the latter, it would form the nucleus of the guarantee fund, the accruing interest being invested for the purpose of accumulation.

I should hope that the scheme, of which I have thus given the outline, will remove any degree of difficulty which the Court might otherwise feel in approving of the proposition of the Government. With the sincerest anxiety to satisfy every reasonable wish on the part of the Proprietors, His Majesty's Ministers are of opinion that they would not be justified in proposing further concessions. They rest, at the same time, in the persuasion that, in modifying, so far as they have now done, their plan as originally proposed, they do not deviate from its essential principles.

The dividend intended for the Proprietors remains unaltered: it is that amount

amount of dividend which they now receive under the Charter Act. A guarantee is, indeed, given to the Proprietors for the ultimate security of their capital; but while this is calculated to increase their confidence in the general operation of the plan, it is, on the other hand, made their interest and their duty, in the meantime, to co-operate with the Court and the Government in promoting the resources and economizing the expenditure of India. Farther, the effect of the scheme is to collect in the hands of the State a fund which may, at the proper conjuncture, be applied towards the redemption of the annuity of the proprietors, sparing *pro tanto* the necessity of any particular effort for that purpose. At the same time, India loses no part of the principal sum thus abstracted for a season from the fund destined to the use of the territory. She loses, indeed, the difference produced, in point of interest, by investing the sum in England; but this is the price paid for the benefits which, if the anticipations of Ministers be just, she will derive from the plan in other respects.

I must add in this place, that it is impossible that the Court or the Company should entertain a deeper conviction of the importance of economy in the administration of our Indian empire, than that with which His Majesty's Ministers, and particularly the Members of the India Board, are impressed. Even the distrust so strongly expressed by the Court of the future competence of the Indian revenue to sustain by its unaided force the burdens to be imposed on it, cannot increase the anxiety which the Government before felt, to take all possible means of obviating just apprehension on this subject.

Undoubtedly, the hope of a diminished expenditure is mainly founded on the necessity for it, that it will be felt to exist under a system which precludes all extraneous sources of income. But this foundation, however good, will not of itself suffice. Much care will be requisite in providing, and much firmness as well as diligence in carrying into effect, auxiliary arrangements directed to the same end. I do not now enter into the details of such arrangements, as this would lead me into an extended variety of observation foreign to the purpose of the present address; but I deemed it my duty not to lose the opportunity of manifesting the general sentiments of His Majesty's Government in relation to the immediate subject of your solicitude.

Before I conclude, I feel myself called upon to advert to two other topics, though they belong in strictness to matters of detail.

To one of these you have very properly called my attention. I mean,

" the

No. XX.

Letter from the Rt. Hon. Chas. Grant, 14 Mar. 1833.

" the necessity of making provision out of the Company's property for outstanding commercial obligations, and for suitable pensions to the servants of the Company whose interests may be affected by the change of system."

On this point I wish to observe, that the assignment of the Company's commercial property must necessarily involve also a transfer to the Government of all the obligations, whether of a legal kind or binding on the ground of equity and liberality, which may attach to that property; and to the claims of both descriptions the Government are prepared to give every fair and proper degree of consideration. But as the recognition of such claims forms no part of the present negotiation, you will, I trust, be satisfied with this general assurance.

The other point on which I must touch relates to the mode of appointing and educating the youths destined for the Civil Service of India.

On a full consideration of the provision for this purpose contained in the Paper of Hints, the Government feel a strong doubt whether the principle on which that provision proceeds ought not to be carried to a greater extent. I make this reservation for the sake of caution; but it was, I conceive, fully understood, that all such provisions in the Paper of Hints as have not been brought into view by the Secret Committee or the Court of Directors during the present correspondence, should remain perfectly open for consideration, until those articles which are to constitute the basis of the arrangement between the Government and the Company should have been definitively determined.

In respect of those fundamental points, the views of His Majesty's Government are now fully before you. Alterations of detail may undoubtedly be suggested and discussed hereafter; but I must frankly state, that His Majesty's Ministers feel it their duty to call for a decision on the arrangement as it now stands, and that it will not be in their power to entertain the proposal of any additions or modifications, in the character of conditions precedent to the adoption of the plan on the part of the Company.

I have only further to add my request, that the subject may, at your earliest convenience, be submitted to the Court of Proprietors, together with the correspondence relating to it.

You do me no more than justice, in acquitting me of any wish or intention to force on a premature decision on questions so important to the East-India Company. In proof of the absence of any such inclination I beg to mention, that

that I have no desire to adhere to the period specified in my last letter as the limit of deliberation on the subject. It is still, however, my anxious wish to bring the matter before Parliament at the earliest possible period; and I continue to rely with confidence on your assurance, that no unnecessary or avoidable delay shall take place in the course of your further proceedings.

No. XX.
Letter from the Rt. Hon. Chas. Grant, 14Mar.1833.

I have the honour to be, Gentlemen,
Your most obedient, humble servant,
(Signed) CHAS. GRANT.

The Chairman and Deputy Chairman of the Court of Directors.

No. XXI.

AT A

SECRET COURT OF DIRECTORS,

Held on Saturday, the 16th March 1833.

No. XXI.
Secret Court, 16Mar.1833.

THE Court, resuming the consideration of the letter from the Right Honourable Charles Grant, dated the 14th instant, in reply to the letter from the Chairman and Deputy Chairman of the 27th ultimo.

It was,

Ordered, That the said letter be referred to the consideration of a Committee of the Whole Court.

Whereupon the Court resolved itself into a Committee of the Whole Court accordingly.

No. XXII.

AT A

SECRET COMMITTEE OF THE WHOLE COURT,

Held on Saturday, the 16th March 1833.

No. XXII.
Secret Committee, 16Mar.1833.

THE Committee, pursuant to the Court's reference of this day, proceeding to the consideration of a letter from the Right Honourable Charles Grant,

 dated

No. XXII. Secret Committee, 16Mar.1833.

dated at the India Board, the 14th instant, explaining, in reference to the Letter from the Chairman and Deputy Chairman of the 27th ultimo, the views and intentions of His Majesty's Ministers upon the points in which the Court conceive the propositions submitted by Ministers, respecting the Company's Charter, to be seriously if not conclusively objectionable.

The Chairman laid before the Committee the draft of a proposed letter to Mr. Grant in reply to his communication abovementioned.

And the Committee having deliberated thereon, adjourned to Monday the 18th instant.

No XXIII.

AT A

SECRET COMMITTEE OF THE WHOLE COURT,

Held on Monday, the 18th March 1833.

No. XXIII. Secret Committee, 18Mar.1833.

THE Committee resumed the consideration of the draft of a proposed letter to the Right Honourable Charles Grant, which was read in the Committee on the 16th instant, in reply to his letter of the 14th instant, in which he explains the views and intentions of His Majesty's Ministers upon the points in which the Court conceive the propositions submitted by His Majesty's Ministers, respecting the Company's Charter to be seriously, if not conclusively objectionable:—

The said draft of a letter was again read.

And some amendments having been agreed to therein:

It was further proposed to amend that paragraph which relates to the guarantee fund, by leaving out the words "there should be added to the "£1,200,000, the stock now standing in the Company's name, amounting to "£891,000 three per cent. stock:" and by substituting the following, *viz.*

"It should amount to the sum of £3,000,000."

And the question, "that the words proposed to be left out stand part of the "letter," being put by the ballot;

It passed in the affirmative.

The said letter, as amended, was then approved.

No. XXIV.

Secret Court, 18Mar.1833.

No XXIV.

AT A

SECRET COURT OF DIRECTORS

Held on Monday, the 18th March 1833.

DRAFT of a letter which had this day been agreed to by a Committee of the whole Court, to the Right Honourable Charles Grant, in reply to his letter of the 14th instant, was read and approved.

No XXV.

LETTER *to the Right Honourable* CHARLES GRANT *from the* CHAIRMAN *and* DEPUTY CHAIRMAN.

East-India House, 18th March 1833.

SIR:

No.XXV.

Letter to the Rt. Hon. Chas. Grant, 18Mar.1833.

We have had the honour to receive, and to lay before the Court of Directors your letter dated the 14th instant.

The Court had hoped to be enabled to lay before the General Court, which is appointed to be held on Wednesday next, all the correspondence upon the subject of the Company's charter. But as they are still without information upon some points respecting which the Proprietors must be specifically informed before they can pass any decision upon the principles of the proposed arrangement; and as there are other points arising out of your communication which seem to require observation on the part of the Company, it becomes the duty of the Court to submit a further representation to the King's Ministers, previously to laying the papers before the Proprietors.

In doing this, it will be quite unnecessary for the Court to say any thing in support of the opinions upon the general question which were expressed in our last letter, as you have deemed it expedient to waive all reply to the arguments which were then adduced. The Court will therefore confine themselves to the points to which you refer as really at issue, and to those upon which further information seems requisite.

First, with respect to the immediate interests of the Proprietors.—The Court must

No. XXV. Letter to the Rt. Hon. Chas. Grant, 18 Mar 1833.

must keep prominently in view what it is that the Company are called upon to surrender, and what they are to receive as an equivalent. They are asked to surrender every thing which they possess as a Corporation; their capital, computed at more than twenty-one millions sterling, every item of which is commercial in its origin, and in the character which it now bears;—their right to trade, most valuable when considered in connection with that capital, and with the position and influence which the Company have established here and abroad; and which right, if they chose to exercise it, must greatly interfere with, if not altogether, prevent the advantages which private merchants expect to reap from a free trade with China;—their pecuniary claims, some sanctioned by a Committee of Parliament, both in principal and amount, and all recognized either by Parliament or in Parliament by ministerial statements;—their lands, forts, and factories in India, for which they have as good a title as that by which any private property is held;—and, finally, their claims in respect of the territory at large, which up to the present time Parliament has always reserved.

The right of the Company to retain the whole of this property, including an equivalent for their claims, has been questioned; and although the Court are satisfied of the soundness of the Company's title to all that property, and of the validity of these claims, yet they cannot be insensible to the difficulties which might be opposed to their readily realizing and possessing themselves of the one, and obtaining a liberal adjustment of the other, if the King's Government were adverse to the Company. This consideration, pressed in your former letter with such force, as to leave no doubt that an adverse disposition would arise towards the Company if they were to stand "on the ground of strict "right," together with the fear of injury to India from the transfer of the Government to other hands, has induced the Court to entertain the question of compromise upon the terms offered, *viz.* a surrender of the property and claims for an annuity of £630,000. The adequacy of the security for this annuity is one of the points at issue; and whilst the Court have no desire to disparage the financial capabilities of India, they cannot shut their eyes to the fact, that the official prospective estimates, as well those framed by the authority of the Board, as of the Court, all shew a deficit after 1834. With such a prospect, and considering that the Proprietors had hitherto depended on the security of a property and trade which centred in England, the Court felt it necessary to require that some collateral security should be provided both for the dividend and for the capital; never intending by that proposal to intimate that they

they despaired of removing the territorial deficit; which on the contrary they shall be rejoiced to be enabled to do by co-operating with you in such measures as shall appear calculated to accomplish that object without endangering our tenure of India.

We observe with satisfaction, that the King's Ministers have met the Court's suggestion so far as to propose that the balance of that portion of the original subscriptions of the Proprietors, which was lent to Government, and which Government must repay before the Company's exclusive privilege can cease, amounting to £1,200,000, shall be set apart to accumulate at compound interest, until it amounts to twelve millions, and to form a guarantee fund to that extent for the capital, but for the capital only.

The sole effect of that arrangement would be, that if at the end of sixty or seventy years, the Indian territory should be unable to redeem the capital, it might be paid to the extent of twelve millions out of this fund; but in the mean time, should the territorial revenue prove deficient in any one year in the remittances requisite to meet the dividend, how is delay in the payment of it to be avoided, unless there be some collateral security?

We confidently submit to you, that the guarantee fund should apply to the dividend as well as to the capital, and that there should be added to the £1,200,000, the Stock now standing in the Company's name, amounting to £891,000 Three per Cent. Stock; whilst there cannot, we think, be the least apprehension that this extension of the plan of a fund so limited in amount will lessen the desire of the Company to promote the financial prosperity of India, the fact of the Company's having that collateral security for the dividend will relieve the Court from the imputation to which they might otherwise be liable of using their political power as Governors of India, for the purpose of extracting dividends from that country at all hazards. We do not of course mean that any sum which the fund may be required to pay for dividend should be permanently alienated. Our object is to secure the Proprietors against the consequences of a temporary emergency in India. Should such consequences arise, India would be called upon, when the emergency had ceased, to make good the payments in which she might have proved deficient.

The Court further request, that you will have the goodness to apprize them of the term of years during which it is intended that the dividend shall be irredeemable. They presume that the government of India will continue with the Company for the same term, otherwise, the essence of the whole plan, that which you designate "a vital condition of the arrangement," the linking

No. XXV. linking and binding up of the interests of the Proprietors with "the country "which they are to assist in governing" will be lost.

Letter to the Rt. Hon Chas. Grant, 18Mar.1833.

We fear, from your saying nothing in reply to our suggestion as to the rate at which the capital is to be redeemable, that we must conclude thatthe Ministers are not disposed to fix a higher rate than £100 for every £5. 5*s*. of annuity as specified in the Paper of Hints, but we rely upon the assurance given to us in your letter of the 19th ultimo, that the term of the annuity will be of considerable length.

It remains for us upon this part of the subject only to express the thanks of the Court for the intention which you have manifested of providing by a legislative enactment for the payment of the dividend with the same punctuality as is observed towards the Territorial bond-holders, an arrangement, which, combined with the security of the guarantee fund when made applicable to the dividend, cannot fail of being very satisfactory to the General Court.

When furnished with specific information upon the points to which we have adverted, the Proprietors will probably be enabled to decide whether or not they will agree to the general principle of the proposed compromise. We are at the same time persuaded, that whatever may be their decision in that respect, the Proprietors looking, as they have always done, with the most anxious regard to the welfare of our Native subjects, will take a lively interest in that part of the plan which relates to the future administration of the Government of India, in which the Court now act as an intermediate body unconnected with the King's Ministers. If this independence should cease, the charm of the system by which the affairs of India have been hitherto administered would vanish, and the best, perhaps the only security for its continuance when the new Plan shall have come into operation will be in affording the Court the opportunity of giving publicity to their views in important cases of difference from the Board. Under this impression the Court suggested an appeal upon such cases, and the communication of them to Parliament. You state that the King's Ministers are disposed to allow of an appeal to some Tribunal upon questions in which the Court may dispute the *legality* of the Board's Act. The Court apprehend that such cases are not very likely to arise, nor does it readily occur to them that any other tribunal can be required to decide matters of mere legality than the ordinary Courts of Law. The appeal desired was upon the merits of cases, not indeed generally, but those of a special nature, for it never entered into the contemplation of the Court that there should be a system of appeal resorted to upon every difference of

opinion

opinion. They conceived that if the proposal were entertained, there would be little difficulty in limiting the right of appeal to cases in which long experience has proved it to be desirable; so that if any Indian Minister should take upon himself acts which appeared to the Court to be unconstitutional, to militate against the principles of good government, to interfere with substantial justice to our allies, or what will be of great importance under the new system, to invalidate or impair the security of the Proprietors, there should be some appeal against such exercise of authority, or at the least some means of enforcing the personal responsibility of the act; which, as the Court think, would be best accomplished by requiring the communication of it to Parliament.

The Court much regret that Ministers should decline to acquiese in the latter proposal; and although, as you say, "matters in dispute between the two "authorities may in many ways be brought under the notice of Parliament," yet you must allow us to remind you, that independently of the reluctance which the Court must always feel to push themselves before the Legislature in the character of disputants, there is great practical difficulty in bringing to the notice of Parliament important cases connected with the Government of India. Papers may, indeed, be moved for,—but unless the Ministers concur in the motion, it must generally happen, as it has happened, that the papers are refused.

We must repeat the conviction of the Court, that publicity as a rule and not as an exception, is the most effectual method that can be devised for maintaining a wholesome check upon the exercise of power by the Board.

Such is the nature of the check (and we believe it to have been most salutary) under which the Court have exercised the power, without reference to the Board, of making pecuniary grants of limited amount; the particulars of which are systematically reported to Parliament.

The Court are concerned to perceive that Ministers refuse to sanction a continuance of that power, and upon a ground which is unintelligible to the Court, *viz.* "that under the new order of things, the territorial revenues will "constitute the only fund on which pension, salary, or gratuity, can be "charged." Is not that the case now, as respects every territorial pension, salary, or gratuity? And if so, where is the necessity for change, or where its propriety? If, as the Court cannot doubt, it be indeed the wish of the King's Ministers that the Company should not "be deprived of any of the means or "opportunities which, under the present system, they enjoy of remunerating "service, or of conferring marks of grace or munificence."

If

No.XXV.
Letter to the Rt. Hon. Chas. Grant, 18Mar.1833.

If the Court had abused the power in question, there would be good reason for removing or further restricting it. They appeal to you, whether any such abuse has existed, and if, as we are persuaded will be the case, you admit that there has not, we rely with confidence upon your determining that the power ought still to remain.

The Court are satisfied with that part of the arrangement which relates to the home establishment; understanding that the amount which may be fixed upon as the maximum of its expense is not to be varied by the Board, at their pleasure, but only in the event of an alteration in the extent of the establishment, or in circumstances affecting the scale of remuneration generally.

We need scarcely say, that it will always be the anxious desire of the Court, to keep that establishment within such bounds as may be consistent with efficiency, and with what is due to those who devote themselves, as the Company's servants always have done, exclusively to the discharge of their public duties.

We give full credit to you and to the rest of his Majesty's Ministers for the intentions which you express, "that the Court and the Board shall in all "material points retain the same comparative powers, and occupy the same "relative position, as at the present moment."—But we own that it is difficult for us to reconcile this announcement either with those parts of the plan to which we have already adverted, or with the intention expressed in the Paper of Hints to control the independent power of the Court to recall Governors General, Governors, and Commanders in Chief; which power it may be more important than ever for them to possess, when the Dividend becomes dependent on the territorial revenues.

There is another point upon which the Court feel great anxiety. We refer to the proposal that all the property shall be transferred—to whom? Not to the Board—not to the Company in their new, or rather restricted character,—but to the Crown, for the benefit of the Indian territory; so that, whilst the Court are to be the agent in administering the territorial government under the control of the Board, the funds applicable to the Territory are to be in the custody of the King's Ministers.

It would be very satisfactory to the Court to receive from you an assurance that the proposed transfer of the property to the Crown is only the technical mode of accomplishing the arrangement; and that, practically, the Company, as the Administrators of the territorial government, are to continue to hold all the Territorial Funds in England, subject to the control of the Board, and with

with the understanding that all appropriations of the funds are to originate, as at present, exclusively with the Court.

You will have observed from our last letter the apprehension which the Court feel, that great difficulty may be experienced under the proposed plan, in effecting the Government remittances from India. The Court trust that ample power will be given to them to call home from time to time a sufficiency of funds. We conclude that it is not intended to allow the Company, even for the purposes of remittance, to bring home produce; a permission which we cannot but think it would be important to preserve, at least until experience shall have shewn that remittances to the extent required can be safely and more beneficially effected in some other mode.

It would appear to be in your contemplation, that the Ministers should to some extent be invested with the power of appropriating the commercial property, for you state that the outstanding commercial obligations and the claims of the Company's commercial servants are to be made over with the property to the Crown, to be dealt with as the Ministers may think fit. The Court apprehend that upon no principle of law or equity could claims and obligations unconnected with the territorial government, and arising solely out of contracts and engagements which the Company have entered into as a commercial corporation acting under a perpetual charter, be transferred from the Company to any person or persons whatever. But be this as it may, the Court think it their duty to add, that they are convinced that the Proprietors would feel the utmost repugnance to any proposal for their abandoning the interests of men who have beneficially served the Company with zeal and fidelity, and transferring them to the care of others, who, having had no opportunity of witnessing, must be unable to appreciate their services. We cannot doubt that you will enable us to satisfy the Proprietors upon this point.

It may deserve consideration, with a view to relieve the Indian revenues from every avoidable charge, whether much expense in providing for servants might not be saved by continuing, at least for a time, the management by the Company of goods imported in the free trade, as the amount received for agency at present defrays the charge of a large portion of the commercial establishment, and it may also prove convenient to the merchants of London that that system should not be hastily abandoned. Such an arrangement as that here suggested would be attended with this great advantage, that it would continue employment not only to officers and clerks, but also to many of the labourers, all of whom must receive a certain amount of pay from the Com-

No. XXV.

Letter to the Rt. Hon. Chas. Grant, 18Mar.1833.

pany whether employed or not. The evil to individuals and to the community of suddenly throwing out of employ any considerable number of persons, is too obvious to need pointing out.

The Court fully understand that such provisions in the Paper of Hints as have not been brought into view during the present correspondence, as well as any which you may have mentioned, but to which we have not yet specifically adverted, are to remain open for future discussion. The Court have hitherto abstained from touching upon them, because they did not wish to embarrass the consideration of the main principles of a new arrangement by discussing points which, while they are comparatively of minor importance, may be considered as affecting in a great degree the personal feelings of the Court, rather than the interests of the Proprietors. Of that nature is the proposed alteration in the mode of appointing civil servants, respecting which, as you have again adverted to it, and expressed an intention of extending it, the Court will only say, that the scheme which shall most effectually provide the means of giving good servants to the Indian empire, is that which will, assuredly, meet the views of the Court, whatever its effect may be on their patronage.

We have the honour to be, Sir,
Your most obedient and faithful servants,
(Signed) J. G. Ravenshaw.
C. Marjoribanks.

The Right Honourable Charles Grant,
&c. &c. &c.

No. XXVI.

AT A

SECRET COURT of DIRECTORS,

Held on Friday, the 22d March 1833.

No. XXVI.

Secret Court, 22Mar.1833.

The Chairman laid before the Court a letter received this day from the Right Honourable Charles Grant, dated at the India Board, the 21st instant, acknowledging

No. XXVI.

Secret Court, 22Mar.1833.

acknowledging the receipt of the letter from the Chairman and Deputy Chairman of the 18th instant, stating that as he has already expressed to the Court the sentiments of His Majesty's Ministers upon several of the topics therein adverted to, he does not think it requisite now to re-enter into them; and that if it be thought proper again to discuss them, a more fitting opportunity will occur in a future stage of the proceedings, when at the invitation of the Court he shall willingly engage in such discussion; declining, however, to re-open the consideration of the amount specified by Government for the guarantee fund, or of the purpose to which that fund is to be applicable; stating, with respect to the duration of the proposed annuity, which he considers to be a fair subject of negociation with the Proprietors, that His Majesty's Ministers are ready to recommend it to Parliament, to declare that within the term of forty years the Annuity shall not be liable to a compulsory discharge; but that as regards the duration of the Company's political functions, His Majesty's Ministers are not under the same obligation of coming to an immediate resolution; adding, however, that if the present arrangement be adopted, he shall be happy to be favoured with the Court's views on the propriety of fixing any, and if any, what period to the political authority of the Company; pointing out in reference to the subject of appeals, the course which it is intended to pursue in cases in which pecuniary claims of an old date may be revived, and concerning which the Court and the Board may differ; expressing his sincere participation in the solicitude of the Court for the Officers and servants of the Company, whose interests may be affected by the proposed change of system; and in conclusion requesting that the plan as it now stands may, at the Court's earliest convenience, be submitted to a General Court of Proprietors.

And the said letter having been read,

It was moved and on the question;

Resolved, That the letter addressed by the Right Hon. Charles Grant to J. G. Ravenshaw, Esq., dated the 16th instant, and which was read as part of the Chairman's speech in a Committee of the whole Court on that day, be now delivered in and added to the other documents relating to the present negociation. Whereupon

The same was delivered in and read.

The Court then proceeding to take into consideration the letter from the Right Hon. Charles Grant of the 1st instant:

No. XXVI. Secret Court, 22Mar.1833.

The Chairman submitted the draft of a proposed letter to Mr. Grant, informing him that, agreeably to his desire, the Court have convened a Special General Court for Monday next, for the purpose of communicating to the Proprietors the correspondence which has passed respecting the Company's Charter; stating, that in the present stage of the discussion, the Court feel that the time has not yet arrived when it would be proper for them to submit to their constituents any distinct recommendation upon the subject: but that they fear, from Mr. Grant's last letter, that it will be impossible for them at any time to lend their sanction to the proposed scheme, since, independently of other considerations, the vital condition upon which he had previously declared it to rest, *viz.* the binding up in one link the interests of the Proprietors with the country which they are to assist in governing, will be abandoned, unless the Company retain the administration of the country for all the time during which their interests are to be identified with it.

And the same having been read,

It was proposed to leave out all the words after the word "scheme;"

And the question, "That the words proposed to be left out stand part of "the letter," being put by the ballot,

It passed in the affirmative.

The said draft of a letter to Mr. Grant was then approved.

Draft of an advertisement summoning a Special General Court for Monday next, the 25th instant, was likewise read and approved.

No. XXVII.

Letter *from the Right Honourable* Charles Grant *to the* Chairman.

Great George Street, 16th March 1833.

My dear Sir:

No. XXVII. Letter from the Rt. Hon. Chas. Grant, 16Mar.1833.

It may be satisfactory to you to know my impressions on two or three points, on which, as I do not consider them as conditions of the proposed arrangement, I gave no specific information in my last letter to you and the Deputy Chairman.

I have not mentioned any period for the repayment of the annuity of £630,000, nor did it seem necessary, as, in your letter, you had alluded to it

it only generally; but I should think it fair to fix it at the period when the guarantee fund, according to probable calculation, shall amount to six millions. Short of that period the annuity not to be redeemable, and thereafter to be redeemable at the option of Parliament, by the repayment of £100 for every £5. 5*s*. of the annuity.

The period during which the political functions of the Company shall be continued is not specified; but it appears to me that it should be about fifteen years. At the same time it would be well worth the serious consideration of the Court, whether the Company will not stand better and firmer, if the Act contain no provision respecting the time of their government of India.

The number of members of which the Court of Directors shall consist, is a matter of difficulty. The obvious diminution of the duties of the Court would seem to render some reduction necessary, subject to a question, how far that reduction should take place before the complete winding up of the commercial concern. Probably it would be well that the Court should be divided into committees, having the care of separate departments of the administration, and in that case it is clear that there must be retained a sufficient number of Directors to constitute those Committees.

On the subject of appeals, to which the Court seem to attach considerable weight, I might have added a remark in my letter.

It is intended that, in all cases in which old pecuniary claims are revived, and about which the Board and the Court differ, such, for example, as those which have unfortunately divided us of late, the Act shall provide means (if any can be devised) of referring them to some independent authority or judicature.

I think it right to give you my present impressions on these points. I give them, I need not say, sincerely; and it is not likely that I should change them, unless on very strong reasons shewn. I do not mean even this degree of reservation to apply to the provision that the annuity, whenever redeemable, shall be redeemed at the rate of £100 for every £5. 5*s*. This I always considered as a *sine quâ non*, and it was so treated in my first letter to you and the Deputy Chairman.

I am, my dear Sir,

Your's, very truly,

CHARLES GRANT.

J. G. Ravenshaw, Esq.
&c. &c. &c.

No. XXVIII.

No. XXVIII. Letter from the Rt. Hon. Chas. Grant, 21 Mar. 1833.

LETTER *from the Right Honourable* CHARLES GRANT *to the* CHAIRMAN *and* DEPUTY CHAIRMAN.

India Board, 21st March 1833.

GENTLEMEN:

I beg to acknowledge the receipt of your letter of the 18th instant.

I have now the honour to reply to the enquiries of the Court, so far as under the circumstances of the present correspondence seems necessary and practicable.

In the observations which I am about to offer, I hope that you and the Court will not ascribe it to any want of respect on my part, if I adhere to the rule which I laid down when I last addressed you; I mean that of confining my attention to those points which appear to be vital and fundamental to the proposed arrangement.

In your letter of the 18th instant you advert to a variety of topics, on which I have already expressed to you the sentiments of His Majesty's Government, and into which, accordingly, I do not think it requisite now to re-enter. If it be thought proper again to discuss them, a more fitting opportunity will occur in a future stage of our proceedings; and I can only say that, at the invitation of the Court, I shall willingly engage in such discussion; in so far at least as concerns matters not as yet conclusively determined. I make this exception, because, among the topics in question, there are two which involve the very basis of the arrangement, and of which I must therefore, in adherence to the course which I have prescribed to myself, decline to re-open the consideration.

These are,

First, the amount (£1,200,000) of the sum set apart for the guarantee fund; and

Secondly, the application of that fund solely to the capital of the annuity of £630,000.

Fully appreciating the motives of duty towards their constituents which have induced the Court to revert to these subjects, I am not the less obliged to state my inability to accede to the wishes of the Court respecting them; and I should more deeply regret this circumstance, were I not of opinion that sufficient security is furnished to the Company by the concession already made in this matter by His Majesty's Ministers.

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There is, however, one subject touched on by you, regarding which I think it incumbent on me to meet your desire for further information, the term during which the annuity of £630,000 is to be irredeemable. For, as to the rate of repayment, you have justly construed my silence to imply, that the Government intend to adhere to the rate mentioned in the Paper of Hints, namely, £100 for every £5. 5*s*. But respecting the term of the annuity, I feel that I am able to answer your enquiry without any substantial departure from the rule to which I have alluded, as limiting the range of my present communication.

This is a point which you have a right to urge as a subject of consideration preliminary to your recommendation of the new arrangement; and I was in expectation of some suggestion in relation to it, in your letter of the 27th of February. As it is now brought under notice, I have no objection to regard it as having been mooted in that letter; and I proceed to give my reply.

Before I do so, however, I must, in reference to one of your remarks, observe, that the term of the annuity is a question to be kept entirely separate from that of the duration of the Company's political functions.

The former is a fair subject of negotiation with the Proprietors, as affecting the pecuniary value of their property. The latter, as involving solely a polical trust, must be determined exclusively in reference to the national interests of Great Britain and of India.

The two questions are indeed connected by the Government plan; but they are to be resolved on independent principles; nor can it be admitted that His Majesty's Ministers are under the same obligation of coming to an immediate resolution in the one case as in the other.

If the arrangement be adopted, I shall, of course, be happy to be favoured with your views on the propriety of fixing any, and, if any, what period to the political authority of the Company, as well as on all other questions which regard the administration of our Indian dominions. It is the more necessary to reserve this point at present, as I conceive that it will hereafter be a matter for grave consideration, whether the interests of India and of the empire at large will not be better consulted, and whether the Company will not in every respect be more strongly and advantageously placed, if the duration of their political functions is left indefinite, than if they are put under the invidious, and perhaps delusive, protection of a specified period.

As to the duration of the annuity, expecting that the guarantee fund will, in about forty years, amount to six millions, His Majesty's Ministers are ready to recommend it to Parliament to declare that, within the term of forty years, the annuity shall not be liable to a compulsory discharge.

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Letter from the Rt. Hon. Chas. Grant. 21 Mar. 1833.

In reference to the subject of appeals, to which the Court appear to attach considerable weight, I think it right to insert here a remark, which ought more properly to have found a place in my last letter.

It is intended that, in all cases in which pecuniary claims of an old date are revived, and concerning which the Court and the Board differ—such for example, as those which have unfortunately occurred of late—there shall by law be provided means (if any can be devised) of referring them to the consideration and decision of some independent authority or judicature.

There is yet one topic to which, although it was, as I hope, sufficiently noticed in my last letter, I cannot, in deference to the feelings of the Court or in justice to my own, omit once more to recur: I mean the consideration which is undoubtedly due to the officers and dependents of the Company. In the solicitude of the Court on that head, I sincerely participate; and in the arrangements respecting the future circumstances of those meritorious servants, it will be my anxious desire, as well as my duty, to co-operate with the Court in every effort to fulfil the obligations of justice and liberality. But, without entering into details, I trust that the Court and the Company will be satisfied with the general assurance which I gave in my last communication, and which I have now repeated.

I here close the observations which I think it necessary at the present moment to offer to the Court.

In declining to enter more largely into the topics to which you have called my attention, I am not actuated by any indisposition to the fullest and minutest examination, of every question that must be included in a comprehensive view of the present conjuncture, and of the principles of policy which it requires us to adopt. But I feel a deep conviction, that it will be in every respect the most convenient and advantageous course to abstain from the consideration of matters of detail and circumstance, however important or interesting, until we shall have agreed on those still more vital and essential matters, which are to form the foundations of the desired arrangement.

It, therefore, remains for me only to request that the plan as it now stands may, at your earliest convenience, be submitted to a General Court of Proprietors.

I have the honour to be, Gentlemen,

Your most obedient and humble servant,

CHAS. GRANT.

The Chairman and Deputy Chairman
of the East-India Company.

No. XXIX.

LETTER *from the* CHAIRMAN *and* DEPUTY CHAIRMAN *to the Right Honourable* CHARLES GRANT.

East-India House, 22d March 1833.

No. XXIX.

Letter to the Rt. Hon. Chas. Grant, 22 Mar. 1833.

SIR:

We have the honour to acknowledge the receipt of your letter, dated the 21st instant.

Agreeably to the desire which you have expressed, the Court have convened a Special General Court for Monday next, for the purpose of communicating to the Proprietors the correspondence which has passed respecting the Company's Charter.

In the present stage of the discussion, the Court feel that the time has not yet arrived when it would be proper for them to submit to their constituents any distinct recommendation upon the subject, but they fear from your present letter, that it will be impossible for them at any time to lend their sanction to the proposed scheme, since, independently of other considerations, the vital condition upon which you had previously declared it to rest, *viz.* the binding up in one link the interests of the Proprietors with the country which they are to assist in governing, will be abandoned, unless the Company retain the administration of the country for all the time during which their interests are to be identified with it.

We have the honour to be, Sir,

Your most obedient and faithful servants,

(Signed) J. G. RAVENSHAW,
C. MARJORIBANKS.

The Right Honourable Charles Grant, M.P.
&c. &c. &c.

No. XXX.

LETTER *from the Right Honourable* CHARLES GRANT *to the* CHAIRMAN *and* DEPUTY CHAIRMAN.

India Board, 25th March 1833.

GENTLEMEN:

I have the honour to acknowledge the receipt of your letter, and to thank you for the information that the Court of Directors have summoned a Special General Court, with the view of communicating to the Proprietors the correspondence that has recently passed on Indian affairs.

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Letter from the Rt. Hon. Chas. Grant, 25Mar. 1833.

I must, at the same time, express my regret, that the Court do not feel themselves enabled to offer to their constituents any distinct recommendation on the subject; and still more, that they anticipate the impossibility of giving, at any future period, their sanction to the proposed scheme.

Of the considerations which have led to this anticipation one only is specified, and to that particularly I now desire to advert.

A suggestion having been made by me, the effect of which would be, that the term during which the political functions of the Company should be continued to them would fall short of that during which the annuity to be paid to the Proprietors should remain unredeemed, the Court conceive that I have abandoned the condition of linking the interests of the Proprietors with those of the country to be governed; a condition which His Majesty's Ministers have always represented as essential to the plan.

I cannot allow the great question at issue to be referred the Proprietors without attempting to vindicate His Majesty's Ministers from such an imputation.

A very few words will place this position beyond doubt, and will shew the misconception into which the Court have fallen.

Anxious that the plan should afford an adequate security for the good government of India, the Ministers have felt, and I, on their behalf, have repeatedly

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Letter from the Rt. Hon. Chas. Grant, 25 Mar. 1833.

repeatedly argued, that it was material that the Company, an intended and most important organ in the constitution of that Government, should be bound up in point of interest with the country to be governed, and consequently that the annuity to be paid to the Proprietors should be charged on the Indian territory. The natural inference, so far as any inference could be drawn on the subject, was, that the annuity should remain unredeemed so long as the Company's political functions should continue to be exercised.

The Court, it will be seen, have inverted the inference. They construe it to be, that the Company's political functions should continue to be exercised so long as the annuity remains unredeemed; and because the suggestion to which I have referred would not accord with such a proposition, they conclude, I do not think justly, that a vital condition of the plan is necessarily sacrificed.

It was avowedly for the sake of India that I urged the principle of identifying the interests of that country with those of the Company, so long as the Company should continue the administration of Indian affairs. On the other hand, I admit that the Company have, on their part, a right to contend, if they think proper, that they ought to retain the administration of Indian affairs so long as their interests are identified with those of India. But the Court will, I am sure, perceive that this is the converse of the principle on which the plan proceeds; and on this point I do not, in the present stage of the discussion, express a decided opinion.

I am glad of the opportunity of offering this explanation, to which I do not doubt that the Court will do justice.

I request that you will do me the favour of adding this letter to the papers which are to be presented to the Special General Court.

I cannot conclude without expressing my earnest hope that the Proprietors may see reason to regard favourably the proposition of the Government. They will, I trust, bear in mind, that it is on the leading principles of the plan, and only on these, that they are now called to exercise their judgment. That they will perform this duty with a candour and deliberation suitable to its importance and responsibility, I cannot doubt: and it is on this conviction that I rely, as well for the soundness of their ultimate decision, as for their just estimation of the motives which influence the conduct of the Government on the occasion. His Majesty's Ministers have no end in view except the general advantage of the empire. The plan which they propose will, in their opinion, be found, on a dispassionate consideration, to recommend itself as calculated

to

to consult the various interests to be provided for, and above all, to promote that object for which the Proprietors have ever manifested the liveliest solicitude,—the well-being of our fellow subjects in India.

I have the honour to be,

Gentlemen,

Your most obedient humble servant,

CHARLES GRANT.

The Chairman and Deputy Chairman
of the East-India Company.

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No. 2.

PAPERS

RESPECTING

THE EAST-INDIA COMPANY'S

CHARTER.

1833.

No. 3.

FURTHER PAPERS

RESPECTING

THE EAST-INDIA COMPANY'S

CHARTER.

1833.

FURTHER PAPERS

RESPECTING

THE EAST-INDIA COMPANY'S

CHARTER.

1833.

BX K. 6

LONDON:

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1833.

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No. XXXI.

AT A

COURT OF DIRECTORS,

Held on Wednesday, the 3d April 1833.

No. XXXI. Court of Directors, 3 Apr. 1833.

HENRY ST. GEORGE TUCKER, Esq., a Member of the Court, delivered in his Dissent from the Correspondence which has recently taken place on the part of the Court with the Right Honourable Charles Grant, respecting the Company's Charter, recorded as approved on the Minutes of the Secret Court of Directors which were read to the General Court on the 25th ultimo, and are now under the consideration of the Proprietors.

The said Dissent was read, being as follows, *viz.* (See No. XXXII. *infra.*)

No. XXXII.

DISSENT *by* HENRY ST. GEORGE TUCKER, Esq.

No. XXXII. Mr. Tucker's Dissent, 30Mar.1833.

ALTHOUGH our letters to the President of the Board of Commissioners for the Affairs of India are distinguished for their ability, for their clearness, their candour and truth, their conciliatory tone and spirit, and statesmanlike views, as well as for their successful refutation of that specious and imposing, but unsatisfactory reasoning, which characterizes the letters of Mr. Grant, yet I cannot determine to give my full and unqualified assent to those large and important concessions which have been extorted from us in the course of the pending negotiation.

In one brief line, we are called upon to assent to the absolute surrender of the Tea Trade, which has hitherto constituted the great, and only certain source of supply for the payment of our Dividends; a trade which furnishes the most safe and advantageous remittance of the territorial tribute, and

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which, conducted as it is at present, pours into the British Exchequer an annual revenue of three and a-half millions sterling, free of the charge of collection: I pass over this question for the moment, as I propose to address myself, in the first instance, to those leading points which are canvassed in our letter to Mr. Grant of the 18th instant.

First. I do not consider the Annuity proposed to be granted to the Proprietors of East-India Stock, payable out of the surplus revenue of India, to be such as the Court can safely recommend for acceptance to *English capitalists*, unless it be guaranteed by a sufficient capital to be secured to the Proprietors in this country.

Second. I consider the sum of two millions sterling, which the Court seem inclined to accept as a Guarantee Fund, to be insufficient either to secure the punctual payment of the Annuity of £630,000, or to provide for the ultimate redemption of the principal.

Third. I am of opinion that no adequate provision has been made for the safe and punctual remittance of funds to provide for the regular payment of the Annuity, in addition to the large territorial charge which is incurred annually in this country.

I have always been accustomed to regard the Commercial Assets of the East-India Company as the fund to which they might fairly, justly, and confidently look for the payment of their Dividend, and ultimately for the reimbursement of their capital.

These assets have been produced from the original contribution of the Proprietors (the last subscription having been made at the rate of £200 for every £100 of stock), and from the accumulation of commercial capital during a long course of years, the Proprietors not having been permitted to divide their profits, although their property was exposed always to commercial risk.

The right of the East-India Company to this capital is so clear and incontestable, that it is only wonderful that a doubt should have been expressed with respect to it. Mr. Grant's menace of confiscation, or of destruction by Legal or Parliamentary process, is evidently addressed to our fears. No British Minister can ever seriously have contemplated such a proceeding; nor do I believe that any statesman could be found in this country, bold enough or wicked enough, to put such a threat into execution.

I contend, then, that the Commercial Assets of the Company, after satisfying all legal obligations, and after setting aside a sum sufficient to provide for the payment of Commercial Pensions and Annuities, ought to have been reserved

as

as a Guarantee Fund for the payment of the Annuity of £630,000, and for the redemption, eventually, of the capital of twelve millions, at the rate proposed by Mr. Grant of £100 for every £5. 5*s*. of Annuity. This is the legitimate object to which those Assets ought to be applied, instead of their being reserved for the discharge of the Bengal remittable Loan; an application which is not desired by the Indian creditor, and which would involve a positive injury to our Proprietary, who would be severed from their capital, and placed as creditors upon the territory of India.

I contend further, that the Court ought to have insisted on having time allowed for the realization of these Assets. Whether they are to be appropriated to the redemption of territorial debt or to the formation of a Guarantee Fund, the Proprietors of East-India stock, and the Government and the Nation, are alike interested in our having the means of realizing them to the best advantage. We have ordered Teas to be purchased in China, sufficient, with the quantity in store and *in transitû*, to supply the consumption of this country to the end of 1836; and if the Ministers should be so imprudent and so unjust as to open the trade suddenly in 1834 to the wild competition of adventurers and smugglers, it is to be apprehended that a heavy loss must be sustained on our sales of Tea after that period. We have retained and kept up this very large stock, under what has appeared to me always to be a doubtful construction of the Act of Parliament: but even if the obligation upon us did not extend so far, the Court can fairly plead consideration for the British consumer as their justification; for while we were entrusted with the exclusive privilege of supplying his wants, it was incumbent upon us to supply them liberally, and to take care that no casual interruption of the trade, or other circumstances, should produce a scarcity of the article, and the consequent enhancement of its price. Is the East-India Company to be mulcted? Is its property to be left unprotected and liable to deterioration, in consequence of the just and liberal consideration manifested by its functionaries towards the British public?

Further, let me observe, that we have generally, and I believe at the present moment, advances for Silk, outstanding in the hands of those who cultivate the mulberry and rear the silk-worm, of Pykars, Gomashtas, and others engaged in the supply of the cocoon, to the extent of about seventy lacs of rupees, or £700,000 sterling.

Now, if the manufacture be suddenly relinquished, a large portion of this sum will be lost to the Company; for advances of the kind in India, where

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the cultivators and manufacturers have seldom much capital, can only be realized gradually. Moreover, a serious loss must also be sustained if all our factories are brought to sale at once, before private individuals are prepared to undertake the manufacture upon a large scale. The loss is not the only evil. We have carried on the manufacture to a great extent (from £700,000 to £800,000 annually) upon mixed considerations: partly, to encourage and support a very numerous and useful class of our native subjects; partly to effect a remittance of the territorial surplus to this country; and partly, I may say, to furnish at a moderate price and of a good quality, the raw material of one of our most valuable manufactures. This was a *national* object, to which the Court of Directors have never been indifferent. We have not unfrequently sustained a loss on our trade. *We* have been willing to encounter this contingency; but who will take our place with an intention to act in the same manner, and upon the same public principles?

It would be unreasonable and absurd to expect that any private merchant should sacrifice his more immediate interests to public considerations. He must, and he will act upon commercial principles; and he will not embark his capital, or devote his time, to the advancement of national objects. Will any Minister, then, attending only to the interested representations of Agents and Adventurers, place one of our most valuable staples in jeopardy?

Will he allow thousands, and tens of thousands of our industrious and suffering manufacturers to be thrown out of work, and to become paupers on our already burthened parishes, by suddenly putting an end to the system under which the raw material is at present so abundantly and regularly supplied, without having any satisfactory assurance that a proper substitute for our Agency will immediately be found; I have never been an advocate for the union of the Commercial and Political character in *India;* but I am not so prejudiced or so wedded to system, as not to be capable of perceiving distinctions, or of admitting exceptions from the best general rules; and I do foresee that great public inconvenience may be experienced from a sudden and peremptory discontinuance of our agency in carrying on the manufacture of raw silk in our Bengal territory. When I state that I feel no reluctance to separate the Political and Commercial character, I confine myself strictly to *India.*

The trade from *China* to England stands upon a very different footing; and I never had a more deep-rooted conviction upon any public question, than I have

have upon the expediency of continuing to the East-India Company the exclusive supply of the home market with the article of tea. This privilege, I maintain, is to be justified on *commercial*, *fiscal*, and *political* considerations of the greatest weight; and serious will be the responsibility of the Minister who is presumptuous enough to supersede the system by resorting to an untried experiment. I have long and deeply reflected on this most interesting question; and although I fear that the decision is already taken, and that all remonstrances on our part would now prove unavailing, I am induced to annex to this Dissent an extract from a Paper which I wrote on the subject in 1831. My proposition, it will be seen, was confined to a *temporary* extension of our exclusive privilege to supply the *home market* with tea, because I thought that a temporary concession, under certain restrictions, would be more easily obtained, and because I entertained a hope that time and experience would bring wisdom, would dissipate prejudice, and silence popular clamour so far, as to enable the Government of this country to act upon the dictates of reason and sound policy.

The Court, in their last letter to Mr. Grant, do call for a temporary extension of our Commercial operations; but as they do not take precisely the same view of the manner of proceeding which I am disposed to do, I will state concisely the particular concessions which I think it would be desirable to obtain from His Majesty's Ministers.

1st. The trade between England and India, and between India and China, to be entirely relinquished by the Company in 1834, with the exception of the articles of Silk and Saltpetre.

2d. The Company to import Silk and Saltpetre, as heretofore, to the 1st July 1836, but in the mean time to dispose of their factories and buildings *gradually*, so as to avoid loss on a forced sale, and to reduce their advances in order to realize the outstanding balances, without unnecessary sacrifice, and without distressing the parties who are under engagement to liquidate those advances by the delivery of cocoons or silk.

3d. The Company to discontinue the importation of tea after 1834-35.

4th. The Company to be allowed time for disposing of their stock of Tea in hand to the 1st July 1836; and no Teas to be imported into Great Britain or Ireland by Private-Traders before the 1st July 1835, nor be brought to sale in this country before the 1st July 1836.

5th. Private Merchants to be allowed to send their ships *immediately*, under license by the Company, to China and the Eastern Islands, to export freely the

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the produce and manufactures of this and all other countries, to bring back the produce and manufactures of China and the Eastern Archipelago, the article of Tea only excepted for *home consumption*, and to carry that produce and those manufactures to all parts of the world where British ships are received, without any exception whatever.

6th. The sum of two crores of rupees to be placed by the Supreme Government annually in the Commercial Treasury of the Company, in two equal instalments, on the 1st January and 1st July of each year, to the 1st July 1836, to supply a Territorial remittance to this country.

7th. The sum of two millions sterling, in return, to be placed by the Company in the Home Territorial Treasury, for the payment of the Annuity of £630,000, and the Military Pensions and other Territorial charges, including Bills for the interest of any portion of the Indian Debt which may still be payable in this country. The two millions, as above, to be paid in like manner by two equal half-yearly instalments, on the 1st January and 1st July of each year, into the Home Territorial Treasury.

8th. Such portion of the sum of two crores of rupees as may be required, to be applied to the purchase of Silk and Saltpetre.

9th. The Commercial assets which may be realized in India by the sale of Factories and other buildings, and by the recovery of debts, to be applicable eventually to the same purpose.

10th. The Supra-cargoes at Canton to draw on the Commercial Treasury of India for such funds as they may require, and as they may find it practicable to obtain, by bills, for the purchase of the Tea investment.

11th. These Supra-cargoes (or a Chief and Council, with an establishment on a reduced scale) to continue under the immediate control of the Company, and to be employed, not only in their present duties, but in the exercise of a consulate control over the private shipping, Indian and British.

12th. To have the power of sending away any European British subject from China, in the same manner as this power has been, or may be granted to the Governments of India.

13th. To be furnished with copies of all invoices or manifests of Tea shipped on British bottoms for consignment to Europe, and to transmit copies of such documents, both to the Court of Directors and His Majesty's Board of Customs, in order that the necessary precautions may be taken to guard against the illicit introduction of the article into Great Britain and Ireland.

14th. All private ships trading to China and the Eastern Seas to sail under license

license by the Company, and the Owners and Commanders to enter into Bond, engaging to land cargoes of Teas at the port of consignment, and to observe, under penalty for its infraction, the laws and usages of China, and the other countries and islands with which they may carry on trade.

15th. The Supra-cargoes to be employed generally as the instruments of effecting the remittance of the Indian territorial surplus to this country, even after the Commercial functions of the Company may have ceased: and, for this purpose, to be allowed still to draw upon the Treasuries of India, and to invest the funds so obtained in the purchase of Sycee silver, or other bullion, for consignment to England, or in the purchase of Bills on this country, secured by consignments of Tea and other produce.

16th. Such consignments to be realized by the Company, and the proceeds to be applicable to the payment of the Home territorial charge.

17th. The Warehouses and buildings in this country, which may not be required for commercial purposes on the reduced scale of the Company's trade, to be disposed of as opportunities may offer, and the establishment of Officers and Servants to be reduced as far as may be practicable, the supernumeraries receiving pensions or other suitable provision, due regard being had to their merits and length of service.

I shall now revert to those important questions with which I commenced, namely, the competency of Indian security to satisfy a European creditor, and the sufficiency of a Guarantee Fund of two millions sterling as collateral security: and with a view to arrive at safe conclusions on these questions, it will be necessary to consider the present and probable future state of our Indian finances, the political condition of our empire, and the extent of those commercial resources which we can look to as a means of remittance to this country. I shall treat these several topics as briefly as possible; for the time allowed for recording a Dissent will not admit of my entering into details, and a plain summary will, perhaps, best answer the end which I propose to myself.

That Indian security is highly appreciated by the Native capitalist and by Europeans residing on the spot is quite certain; and that an Annuity payable out of the Indian revenue would be, for some time, negotiable, and perhaps very acceptable to the speculators in the money-market of this country and the Continent, may also be admitted; but that such an Annuity could with propriety be offered to the Proprietors of East-India stock, without an adequate guarantee, in exchange for the large Commercial capital which belongs to them,

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them, I cannot for one moment allow. It would be an absolute mockery to tender to the Widows and Minors, to the Trustees and other parties, whose funds are locked up in our Stock, an annuity which they cannot realize, and which the Indian Government may find it difficult to pay with punctuality, even for a short term of years.

It will not satisfy me to be told that the five per cent. securities of the Indian Government can be disposed of at par, and that the Bengal Remittable Loan bears a premium of about thirty-five per cent. I apprehend that this is an artificial value, produced by peculiar circumstances. The Remittable Loan is held as a sort of Bill of Exchange bearing interest, It is its English value of 2*s.* 6*d.* the sicca rupee which has created the high premium, it having been found impracticable, for some years past, to obtain a safe remittance at a better exchange than 1*s.* 11*d.* the sicca rupee, or the medium produce of a consignment in bullion. So, too, the value of the five per cent. Debt has been enhanced by the difficulty of transferring capital to this country. Private credit in Calcutta has sustained a severe shock: and as the savings from Income, or the accumulating capital, cannot find a safe channel for conveyance home, the resident capitalist is compelled in some measure to invest his growing funds in the Government securities, at whatever sacrifice. No man, I presume, of common prudence, would willingly keep his capital at a vast distance from his personal control and management, and at some risk and charge of agency, merely to obtain an interest of five per cent. per annum, when he can generally realize four per cent. in this country without any such risk or expense, and an interest of five per cent. in the securities of Prussia and other Continental States.

When I submitted to the British Public a short Digest of the Finances of India brought down to the year 1822-23, nothing could well be more prosperous than our situation. We had a gross revenue of about twenty-two millions. The Indian surplus amounted to full two millions per annum, affording a net surplus of half a million sterling, after providing for the payment of the territorial charges in this country. The public Debt bearing interest amounted to £31,623,780; but we had in our treasuries above ten millions in *specie and bullion,* of which from three to four millions was applicable to the immediate reduction of the local debt.

I contemplated this picture at the time with infinite satisfaction, I own; but how different is the present aspect of our affairs! The fatal Burmese war undermined the very foundation of our financial prosperity. Our treasure has

has been exhausted; our debt has been increased from £31,623,780 to £41,301,308; no surplus revenue has been realized sufficient to defray the territorial charge;* and from the best view which I can take prospectively of our finances, I entertain serious apprehensions with respect to the practicability of our obtaining from India, even during a period of peace, a clear annual surplus, sufficient to provide for the territorial disbursement in this country, augmented, as it will be, by the Annuity of £630,000.† For this opinion I am bound to state my reasons.

The Indian surplus for the year 1830-31, after a peace of six years' duration, and after a careful and unsparing reform of the public establishments, is stated at £1,799,633, and the home charge to be defrayed from this surplus amounted in the same year to £1,473,565.

But have we any reasonable ground of confidence that the revenue can be maintained on its present scale? I fear not.

The land revenue of Fort St. George and Bombay is falling off; and, in my opinion, it will continue to decrease, while we continue to uphold in that territory the existing system of revenue administration. From the same cause, the land revenue of the Ceded and Conquered Provinces under the Bengal Presidency can no longer, I fear, be depended upon. Our promises to the landholders to fix the assessment in perpetuity, have not been redeemed. They have no longer the same confidence in us, or the same motive for calling forth and improving the resources of their lands; and the country is placed under the management of Revenue servants, who have no permanent interest in its prosperity. For my sentiments on this subject, I must refer to my Dissent of the 27th December last; as I must to my Minutes of the 30th May 1827 and 8th August 1829, for my opinions with respect to the system of revenue management adopted at the presidencies of Fort St. George and Bombay.

But it is not merely the Land Revenue which is undergoing a process of deterioration: the Opium and Salt Revenue is, I apprehend, becoming insecure. The management of the former during the last ten years has been, to say the least, very questionable. We have proceeded upon a new principle, and have endeavoured, by means of treaties with the Rajpoot States and other arrangements,

* See Annexed Statement A.

† It will not be augmented to the full extent of £630,000, because it is proposed to apply the Commercial Assets to the redemption of the Home Bond Debt and of the Bengal Remittable Loan. The Interest redeemed will be a deduction from the amount of the Annuity.

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arrangements, to force and extend production and consumption. These onerous treaties have, it is true, been abandoned; but a remedy for an evil is not always found by withdrawing from a wrong course: the effects may still remain, and be felt for a very long period.

The Salt Monopoly, as it is called, is threatened with destruction in this country. I was twice examined on the question last year by a Committee of the House of Commons, and the object of the cross-examination evidently was, to extort from me an acknowledgment, either that Liverpool salt could be substituted with advantage, or that the manufacture should be opened to private speculation, to the supercession of the present Government agency. To both these projects my opinion was decidedly adverse; and I think it right to repeat in this place, my firm conviction that, if the change contemplated of giving up the manufacture to private speculators should be carried into effect, it will be impossible to realize the large revenue which is now drawn from the consumption of salt in Bengal under the existing system of management.

It may be urged, that if our revenue should fall off, we must reduce our expenditure. True—We have been engaged in this difficult and ungracious work for several years; and no man who has not, like myself, been employed upon Committees of Finance, can well form an idea of the difficulty of cutting down the public establishments of India, without producing evils as much to be deprecated, perhaps, as the absence of economy. I am aware that great savings have been anticipated from the more general employment of the Natives as Revenue and Judicial functionaries; but we must not proceed too rapidly in this work of substitution. No individual has a higher opinion than myself of the intelligence of the Natives of India, and of their capacity for office, and I was one of the earliest advocates for their being associated with us, as Assessors, in the administration of justice, and as Tehsildars, or subordinate Collectors, in the management of the Land Revenue. But I nevertheless consider that, in the present state of society in India, it would not be safe to employ the Natives *generally* in offices of high trust without European superintendence.

If I turn from this slight review of our finances to an examination of our political situation in India, I cannot perceive, I confess, any just grounds of confidence or gratulation. I am sensible that I must touch upon delicate ground, and I shall touch it lightly; but I cannot admit that safety is best secured by shutting our eyes against the perception of danger. When I peruse the publications which are constantly issuing, both from the European and the Native press of India, I find abundant matter for serious reflection. The tem-

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per of the European officers upon several subjects is far from satisfactory. The Native Army of Bengal is no longer composed, I believe, of the same excellent materials as heretofore. The higher order of men, both Mahomedan and Hindoo, can no longer be induced to enter the service. That service has been very harassing to them of late, in consequence of the numerical reductions which have been made in the strength of the regiments: they have been employed on duties which were formerly performed by provincial battalions, and in a part of the country where the climate is injurious to those who have not been habituated to it; and other causes of dissatisfaction, and even of disgust, might easily be pointed out, if any useful purpose could be answered by the exposure.

Within the last two years insurrections have taken place in various parts of the country, and even within fifty miles of the principal seat of Government. I am quite aware that popular tumults have occurred at former periods, at Bareilly, at Benares, at Mirzapore, and other cities; a slight insurrectionary movement also occurred about thirty years ago in Midnapore, in consequence of the resumption of some Chákerán lands; and something of the kind took place at a later period in Cuttack. But these partial disturbances have been of rare occurrence, and have hitherto been easily suppressed. There seems, however, to be something new and peculiar in the character of the Khole insurrection, which I have not seen satisfactorily explained; and although it is well known that combustible materials exist in many parts of our Indian territory which are readily ignited by fiscal rapacity or religious zeal, this is a circumstance arising out of our situation and the nature of our dominion, which has not hitherto assumed a malignant character. We must never forget that we have superseded the ancient Government; that we have displaced the aristocracy of the country, and have extended our rule over an immense population, differing from us in religion and habits, and in almost every feature of character. This has been, and this must be, our position: but has it assumed any new aspect? I think it has. The Hindoos are advancing rapidly in knowledge; education is making great progress; the press is active and busy. Those Natives who have received an English education have imbibed new views, have acquired new desires, and evidently feel that they may justly claim a larger share in the administration of their country. British subjects, not in the service, are aspiring to the possession of land and of political power. Some of the King's Judges have inculcated doctrines calculated to weaken the power and influence of the local Government. The discus-

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sions in this country on the subject of the religious observances of the Hindoos have produced uneasiness; the surveys and local scrutinies which have been carried on, the enquiries which have been instituted into the right of appropriate waste lands, and into the titles of the holders of rent-free lands, have all tended to shake confidence, and to create distrust and alarm; and above all, the degradation of the landed aristocracy of the Western Provinces, and the evasion of our pledge to give the benefit of a fixed assessment to the landholders, have created enemies in that quarter, where enemies are most to be dreaded. Political economists may say that this is all as it should be; that an aristocracy is a useless incumbrance upon the land; and that the best possible system of taxation is for the Government to assume the entire rental of the country. Be it so: but the excluded Talookdars and Zemindars will still remember that their rights have not been respected; and it is impossible that they should contrast their present with their former condition without a feeling of discontent. The Hindoo is passive and enduring, submissive by habit to his rulers, and easily conciliated by kindness; but he is keenly alive to insult and the sense of injury, and when roused is capable of the most headlong violence.

A tribe of fierce Mahomedans (the Rohilla Afghans) is spread over the fine province of Rohilcund; a brave race of Jáats inhabit the Upper Doaab and the adjacent districts on the west of the Jumna; and the Rajpoot is found in almost every part of the country, with that martial spirit which he displays in his native seat in Central India. Let us not, in our presumption, fancy that these warlike tribes are to be neglected and misgoverned with safety. They have a rallying standard at hand at Delhi; and the Board of Commissioners have manifested a disposition of late to raise and give importance to that illustrious pageant, by the marked countenance which they have shown to his unaccredited agent in this country. Nor is this a solitary instance where the long-established policy of the court has been overruled. That power which heretofore protected the people of India in some degree, and which enabled us to defend the public purse, has of late been weakened;* and the Court of Directors of the East-India Company have been placed in the humiliating situation, of being forced repeatedly to act against the judgment and conscience of a majority of its members.

But even if we admit, what I cannot admit, that our policy is unimpeachable,

* See the Court's Letters of the 9th May and 5th July last.

able, that our political situation abroad is as firm and as stable as it appeared to be ten years ago, and that our Western Provinces are not in that unsettled and unsatisfactory state in which I believe them to be at this moment; if, moreover, we assume, what I do not think probable, that a surplus revenue can be produced in India for a series of years, sufficient to defray, not only the Home Territorial charge, but the Annuity of £630,000* to the Proprietors of East-India stock, *which was heretofore supplied from our Commercial profits, now for ever to be abandoned;* still let me ask, in what manner is the remittance of from two to three millions sterling from India to England to be effected? By means of what agency is the operation to be conducted; and in what manner are the Proprietors of East-India Stock, the Civil and Military Pensioners, and other Annuitants, to be guarded against disappointment?

That valuable article, Indigo, will, it may be expected, continue to furnish a supply to the extent of at least two millions† annually. Silk may be produced and imported into this country, as at present. Cotton, Sugar, Drugs, Saltpetre, Dyeing-woods, and various other articles may swell the amount. Bullion may also be imported; but the Government will always have to encounter the competition of private remitters. The remittance in Tea, in Silk, and some other articles, is at present *in our own hands;* but if we go into the market merely as purchasers of Bills, we may not always find good Bills to the extent required; nor shall we, I fear, find *safe* Bills generally, at any time, unless they be secured by consignments of goods.

And who are to be the consigners and managers of these goods; who are to effect insurances and sales? Are we to resort once more to our Commercial character in order to effect these purposes?

I am quite willing, as a Member of this Court and as a proprietor, to relinquish the Company's Trade with *India* as soon as we can wind up our Silk concern, and dispose of our factories and buildings without making an unnecessary sacrifice. *China* is the proper channel for the territorial remittance. In that country *we have no political character* to interfere with our Commercial functions. China incurs annually a large debt to India for Opium and Cotton; England incurs a large debt to China for its Teas; and India incurs a large political debt to Great Britain. This international account has been hitherto settled in the simplest manner through the instrumentality of the Company; but

* See former note.

† The Indigo sales in this country have reached three millions and a half, but in the last two years they have little exceeded one million sterling per annum.

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but we could not, I think, with all our advantages, venture to engage in a race of competition with those whose operations may be expected soon to derange the markets of purchase and sale for Teas, in the same manner as they have already deranged the markets of India. The circuitous remittance through China must therefore, I presume, be effected by consignments of bullion or by Bills: and here again occurs the question, whether it would be safe to take Bills without the security of goods, and whether the management of such consignments will not render a recurrence necessary to our Commercial functions. Mr. Grant's Guarantee Fund of £1,200,000 would suffice only for two years, even if it should be made applicable to the payment of the Dividends; but what would be the situation of the Proprietors should War occur —should the Revenue fail—or should the remittance by private Bills experience the fate which has lately attended such remittances?

Upon the best consideration which I can give to these multiform difficulties, it appears to me that the Proprietors of East-India Stock will not have sufficient grounds of reliance for the punctual receipt of their annuity from the territorial surplus of India, unless a fund be established in this country as a collateral security: and impressed with this apprehension, I am bound, as a faithful steward and as an honest man, to explain the grounds of my opinion. I wish not to disparage the resources of India. I should be sorry, indeed, to cast the slightest shade over public credit in that country, or to express a doubt with respect to the territorial securities, in which the property of so many of my countrymen is invested. The question for us to consider is, whether we can recommend our Constituents to *surrender their property and become creditors upon the territory of India.* This question they must decide for themselves; and it will be a relief to my mind, if the grave responsibility of influencing their decision, on an occasion where they have so much at stake, should devolve on others better informed than myself. One thing they cannot fail to remark—that the security for their property will be poor indeed, if their Court of Directors be rendered an inefficient body; and if the complex machinery, to be constructed for the administration of India, is to be framed upon the model of the colonial system in operation in our other transmarine possessions.

Mr. Grant has justly observed in one of his letters, that the protection of the Home Exchequer is the affair of the Government and not of the East-India Company; and I do not call in question the wisdom of Ministers to conceive, or their power to execute. They may have devised plans for the regular

regular and economical collection of the high duty on Tea, and for the prevention of smuggling: a practice which is not only destructive of good morals and injurious to the fair trader, but which often leads to bloodshed and to other crimes. But still I may be permitted to ask, is it nothing to divert Commerce from an established channel? Is it a light matter to shut up the Docks and Warehouses of this great metropolis; to send adrift its Traders, Factors, and Brokers, and some two or three thousand Labourers who are now employed by the Company? Political economy may say again, "this is all as it should "be; let capital and labour seek the best places for employment, and find their "proper level." But, in the mean time, the numerous classes of persons to whom I have alluded may be ruined. Liverpool, Glasgow, and Hull may gain something; but their gain will be at the expense of those whose interests and well-being ought equally to be the object of the Statesman's care.

I have urged, that we should ask for *time* to wind up our commercial concerns without a gratuitous waste of property; but let it not be supposed for a moment, that I consider the future abandonment of our Trade with China to be desirable, or to involve no public inconvenience. I maintain, that true policy would impel His Majesty's Ministers to perpetuate our agency for the supply of the home consumption with Teas. I contend, that we can purchase them, and supply the British consumer with great advantage, both with respect to price and to the quality of the article. The Paper which I annex shews the grounds of this opinion; and nothing which has been adduced in evidence before the Committees of Parliament, and nothing which has come to me through the press, or otherwise, has tended to weaken, in the slightest degree, the impressions which I have received on this subject. They are equally strong upon the *political* branch of the question, the projected change of system appearing to me likely to produce collision, and to endanger our friendly relations with the Government of China.

I will now advert, in as concise a way as possible, to those questions which are connected with the functions and powers of the Home Authorities under the proposed arrangements, as far as I can collect from Mr. Grant's Correspondence the nature of his plans.

First. The retention of the power to recal Governors and Commanders-in-Chief appears to me to be highly essential to the respectability and efficiency of the Court of Directors. This power has been rarely exercised, and there can be no temptation to abuse it; but if it be withdrawn, the Public Functionaries abroad may set at nought the authority of the Court, and may hold

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us in contempt. A Governor may be lavish in the public expenditure, may think only of providing for his own dependents or those of the Ministry, may be indolent and inactive, or arbitrary and capricious in the exercise of his powers, and notwithstanding these and other defects of character and conduct, he will retain firm possession of his station, as long as he can succeed in propitiating the Ministry of the day, who may be interested in his continuance in office, and even derive influence and advantage from his mal-administration.

Second. I consider the control of the Army should continue to vest in the Court of Directors. I do not observe that the Indian Army is noticed in Mr. Grant's Correspondence; but as the question of incorporating it with His Majesty's Army was discussed at a former period, and as a great deal of evidence has been taken before the Committee of the House of Commons on the expediency of such an incorporation, it would, I think, have been satisfactory if Mr. Grant had specifically declared, that it was not the intention of His Majesty's Ministers to propose any material change in the constitution of that force, which has hitherto been maintained as a distinct corps, deriving its existence from the East-India Company, and owing allegiance to that body.

Third. I attach little importance to Mr. Grant's proposal to deprive the Court of Directors of the power of making small grants of money and of bestowing small pensions and annuities. We have not abused the power, I hope, and whether it be quite delicate to withdraw it without a necessity or any apparent reason, I am quite satisfied that the public expenditure should be subject to as much check and control as possible. While men act right, and only desire to do that which is just and proper, they can feel no objection to the most rigid scrutiny of their proceedings.

Fourth. The number of Members to constitute the Court of Directors.

If the number of Directors were to be determined now for the first time, and the Court were relieved from their Commercial duties, I should say that twenty, or even sixteen Directors, might conduct the Territorial business: but I can perceive no sufficient reason for a change, and I should be disposed to retain the present number in preference, for the following reasons:

We are more likely to find the knowledge and experience necessary for conducting such diversified and complicated duties in the larger number.

The patronage can with more safety be assigned to the larger number.

There is a greater probability of our commanding the services of men of high character and independent fortune. One of the practical advantages of the

the present system, strange and anomalous as it may appear in theory, is, that it collects together men from different branches of society, possessing habits of business and varied knowledge and experience in almost every profession and department of the public service; and these different elements operate mutually as checks upon each other. Their connections are numerous; and supported, as they generally have been, by the Proprietary and by this once powerful City, they constituted a great and influential body, which no Ministry could safely attempt to coerce while they acted upon sound public principles. Their power and independence would diminish with the diminution of their number, and they would no longer constitute a barrier to protect the interests of India against the selfish policy which too often displays itself in this country.

Party spirit, which is apt, no doubt, to impede public business, may be found among four as well as among twenty-four: a fact which was strikingly illustrated during the memorable administration of the late Mr. Hastings in India.

It is quite true, that business proceeds in general with more dispatch when conducted by small numbers of men, and that responsibility can be made more direct and efficient. But it would not be difficult, I think, to accomplish these objects, by dividing the Court into Committees upon a different plan. This is suggested to us by Mr. Grant: but it is matter of internal arrangement, which the Court are competent to adopt without any legislative provision. A very simple and easy modification of our Committees would enable us to apply our knowledge, and to distribute our labour in a more useful manner, and would supersede the necessity for substituing *seals* and a *Secretary's signature* to our despatches, as proposed by Mr. Grant, since the Committee which should prepare the despatches might be required to attest them under a personal responsibility.

But the greatest difficulty which Mr. Grant's plan of administration involves remains to be noticed, namely, the disposition of the relative powers of the Board and the Court, in such manner as to maintain a just equipoise, without compromising the efficiency of the system. This is a difficulty inherent in the complex problem to be resolved.

Unity of design and action is, I acknowledge, very essential in the exercise of political power; but Mr. Grant's plan would seem to put us forward before the public as an administrative body, to be entrusted with certain mechanical functions, while all substantial power would vest in the Board. It would make us something like a steam-engine, which the hand of the engineer is wont to

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stop or put in motion at pleasure. Now, the very worst system of administration is, I think, that which assigns ostensible responsibility without actual power, and bestows unlimited power without direct responsibility.

Still, however, we must not be too fastidious. The present system is by no means perfect. It works tolerably well, because it commands the services of respectable, upright, and independent men. Good instruments will improve an indifferent system, and take much of the evil out of a bad one. If *we* fly off, because things are not placed precisely on the footing which we would wish, the new machinery may fall into worse hands, and the people of India will be the great sufferers.

I will state concisely the points which it appears to me necessary to insist upon, and which, if conceded, would enable the Court, I hope, to continue to act as a useful organ for administering the affairs of India.

1st. The Court to retain the *Initiative* in all cases, except those which relate to the Secret Political Correspondence with India.

2d. The Court to retain the absolute power of recalling Governors and Commanders-in-chief, as well as all other public functionaries and servants, without the exercise of a *veto* by the Board.

3d. The Court to retain the Military Patronage, and the control of the Indian Army and the establishments abroad, upon the present footing.

4th. The Board to continue, as at present, to exercise the power of sending out Political despatches through a Secret Committee of the Court; and to exercise further, *upon their own responsibility*, the same powers which have been conferred on the Governor-General in Council of India, of acting without the concurrence of the Court, on all matters involving questions of international law, the obligation and construction of treaties, the levying of war, making peace, and generally, on all matters purely of a political character; but in cases where the Board may so act on their separate responsibility, the grounds of their proceeding to be regularly recorded; and such powers not to extend to Revenue, Judicial, Commercial, or Military matters.

5th. The Board to have the power of altering despatches prepared by the Court; but should the Court demur upon any important occasion (after remonstrance, or a personal conference), to adopt such alterations in cases involving a great public principle, as contracts with the public creditors, engagements with the landholders, and the like, the Court to be at liberty to bring such questions before the Privy Council; and the Court to be bound to carry into effect any orders which may issue under the sanction of that tribunal. But,

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in all cases, the Court to be at liberty to record their protest or dissent from orders issued by the Board upon their separate responsibility; and copies of all such protests or dissents to be printed every year, and submitted to Parliament and to the Court of Proprietors; except in instances where, from the nature of the subject (the discipline of the Army, and the like), publicity may, in the judgment of the Court, be liable to produce public inconvenience.

6th. In cases of minor importance, where the Court may differ from the Board, without being prepared to oppose the alterations made in their despatches, the Board to have the power of ordering the despatches so altered by them, to be forwarded immediately to India; but the Court to be at liberty to enter a protest upon their proceedings, in all cases where they may see fit to do so.

7th. The Board to exercise a *veto* in the case of all money grants and pensions, both at home and abroad, as well as on the creation of new officers, and generally a restraining power over the public expenditure, both in this country and in India.

8th. Should it be determined to reduce the number of the Court hereafter, in consequence of their being relieved from all Commercial business, the number not to be less than twenty (including the four members who will be out by rotation); and the remaining ten to be employed, until vacancies occur, in settling and winding up the Commercial concerns of the Company, and in managing the Guarantee Fund to be produced from our Commercial Assets.

It appears to me that, with some such provision, the Court might safely undertake to become the organ of the territorial administration; and it is unquestionably our duty to smooth the way, as far as possible, to a satisfactory settlement of the great questions at issue with His Majesty's Ministers.

The question relating to the nomination of Writers to the service of India is one of national concernment, and on this subject Mr. Grant has given us only a very indistinct insight into his views. The Court have very properly expressed their feeling on this subject, and I am quite sure that they will be satisfied with that arrangement which may seem best calculated to provide for the interests of the public service.

It is, in truth, a great constitutional question, whether the Patronage of India can be safely deposited in other hands; and the Court of Directors do not ask for any power or privilege, which cannot be conceded on public principles.

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I have now explained my sentiments on the leading points which are adverted to in the course of our Correspondence with the President of the Board of Control. The performance of this duty has been attended with much anxiety; for the occasion is one of paramount importance, and we have been placed in a situation of peculiar difficulty, in being called upon to decide on the best course to be pursued to protect the interests of the Proprietors, whom we represent. This consideration has made me solicitous to explain the grounds of my opinion, in those instances where I have not had the good fortune to concur with some of my colleagues, and especially upon the proposed Guarantee Fund, which appears to me to be quite inadequate. We have all laboured together with the most earnest zeal at this momentous crisis in our affairs. We have one object, one interest, and one duty; and if we should succeed in reconciling the differences which have occurred, and in establishing an arrangement with His Majesty's Ministers on a satisfactory basis, we shall have just ground to congratulate ourselves upon our success, and we shall have deserved well of our Constituents, of the People of India, and of the British Public.

East-India House,
30th March 1833.

(Signed) H. St. G. Tucker.

No. XXXIII.

Papers referred to in Mr. Tucker's Dissent.

(A.)

Statement of Indian Results combined with the Home Charges from 1814-15 to 1830-31.

	India.		Home Charges.	Surplus.	Deficit.
	Surplus.	Deficit.			
	£	£	£	£	£
1814-15	1,342,273	—	1,391,865	—	49,592
1815-16	276,893	—	1,402,472	—	1,125,579
1816-17	955,451	—	1,390,359	—	434,908
1817-18	487,489	—	1,347,052	—	859,563
1818-19	—	42,766	1,446,001	—	1,488,767
1819-20	—	80,833	1,544,857	—	1,625,690
1820-21	1,648,798	—	1,414,210	234,588	—
1821-22	2,057,051	—	1,507,773	549,278	—
1822-23	3,087,960	—	1,628,153	1,459,807	—
1823-24	426,387	—	1,287,560	—	861,173
1824-25	—	1,445,487	1,651,077	—	3,096,564
1525-26	—	3,039,625	1,817,232	—	4,856,857
1826-27	71,303	—	2,429,894	—	2,358,591
1827-28	—	1,190,575	2,060,141	—	3,250,716
1828-29	1,022,130	—	1,967,405	—	945,275
1829-30	1,138,238	—	1,748,740	—	610,502
1830-31	1,799,633	—	1,473,565	326,068	—
				2,569,741	21,563,777
					2,569,741
			Total Deficit ...	£	18,994,036

(B.)

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In support of the foregoing Propositions for laying the basis of an arrangement with His Majesty's Ministers, I submit the following

EXPLANATORY REMARKS.

It is scarcely necessary, nor is it perhaps practicable, to specify the various modes in which the East-India Company may be exposed to loss and embarrassment, and the public service to inconvenience and injury, from a longer delay in establishing the basis of the plan, on which the commerce of the Company is hereafter to be conducted, and the future administration of the Indian territory to be provided for.

The Court of Directors are at this moment in the situation of tenants whose lease is about to expire. They are not looked up to as the permanent Governors and Administrators of the Indian territory: they have already lost much of that weight and influence which are essential to the useful and efficient exercise of the functions of government; and their authority over their servants and officers abroad must soon cease to be respected, if any doubt should be permitted to exist, with respect to its stability and duration beyond the term of the existing Charter.

In transacting the commercial business of the Company, d li i s are daily occurring. We cannot engage ships, or enter into other contracts carrying us beyond the term of the Charter; we cannot with safety give any further order for the provision of investment; and we have already, perhaps, exposed the Company to the hazard of loss, by authorizing the purchase of a quantity of Teas in the ensuing year, 1832-33, sufficient, with the quantity previously ordered and in store, to supply the home consumption for at least twelve months after the expiration of the Charter in April 1834;* and should our exclusive

* Quantity of Company's unsold Tea in Warehouse on the 4th November 1831, lbs. 51,168,568
Quantity ordered for consignment in 1831-32. 30,350,000
Do. .. .. do. 1832-33. 30,000,000
Equal to nearly four years' consumption .. .. lbs. 111,518,568
Average quantity of Company's Tea sold in the last three years .. .. lbs. 28,128,388

exclusive privileges be then withdrawn, the sale of these Teas must be exposed to very injurious competition from those who may rashly embark in the trade before they have acquired the necessary knowledge and experience to enable them to conduct it with safety and advantage.

It may also be observed, that the Company have large commercial advances and other debts outstanding; that they possess valuable and extensive buildings and factories for the manufacture of silk and other purposes; and that these commercial assets cannot be realized without considerable loss, unless time be allowed for winding up the concern to the best advantage.

The Company have already made great sacrifices, by prosecuting an unprofitable trade, for the purpose of upholding the manufactures of India, and of furnishing the territorial remittance to this country; but the Court of Directors would not be justified in continuing this trade for another season, if the Company are not to enjoy any exclusive privileges beyond the term of the existing Charter.

It must, at the same time, in candour be admitted, that the Company will make no concession to which they attach value in abandoning the trade with India, or the trade between India and China, or the export trade to China from this country, the importation of Teas alone having yielded generally a commercial profit during the last ten years. They are not disposed, therefore, to assume any [illegible]t in making such a concession. It is consistent with a due regard to the [illegible]sts of all the parties concerned, that they should withdraw from certain [illegible]ches of trade; but the time and manner of retiring from this commerce must depend, in some degree, upon the nature of the arrangements which may be contemplated with relation to their future existence as a Commercial and Political Body.

From the year 1820 the trade with India has been attended with a heavy and an increasing loss, amounting in eleven years to the aggregate sum of £3,137,920; but it is necessary to explain, that a large proportion of this loss is to be ascribed to the rates of exchange at which the Company have been required, by the express order of the Board of Commissioners, to replace from the proceeds of their consignments from India the territorial charge disbursed in this country. Had a more equitable rate of conversion been adopted, having for its basis the bullion value of the coins interchanged, the actual loss, within the period in question, would have been reduced to the comparatively small sum of £775,089. The difference or excess may be regarded as a sacrifice exacted from the commerce to the territory.

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The Company, indeed, have been often and severely reproached for carrying on this trade so long, by those who are not apparently aware that it has been prosecuted for the purposes of a forced remittance, and with the view of upholding, for a time at least, the declining manufactures of India. The latter object was one to which the rulers of a country alive to the situation of the people could not be indifferent; but experience has shewn, that the skill and industry, and cheap labour of India, cannot, under any degree of encouragement from the Government, maintain a successful competition with the power of British machinery; while the Legislature has not, in its wisdom, seen reason to bestow on our Asiatic subjects that equal protection so manifestly their due, by allowing their produce and manufactures to be received into this country at the same rates of duty at which the produce and manufactures of Great Britain are received into the Ports of British India.

If it be objected to the Company, that it was imprudent to continue a remittance trade which did not yield as much as would have been produced by a remittance in bullion, it will be proper to hold in mind, that the precious metals are not to be found in our Indian territory; and although they are imported from various quarters in the operations of commerce, there is necessarily a limit to their exportation. We cannot supply their place to any considerable extent by the substitution of a paper currency, because the ordinary transactions of the people are on too small a scale to admit of the use of such a medium of exchange, while the facility of counterfeiting it constitutes a serious objection to the more general introduction of a paper currency among them. Any sudden and considerable diminution of the quantity of specie in circulation has accordingly been found to be productive of public inconvenience. It is liable to derange prices, to affect public credit, and to create difficulties and impediments in realizing the revenue and in carrying on the commercial business of the country.

The Company's trade in cotton and sandal-wood to China was also one of remittance for the supply of the Canton treasury,* and it was considered to give

* It is no longer necessary for the purpose, and it has in part been already abandoned.

The consignments of Cotton have yielded, on an average of nine years, per Sicca Rupee	1s. 10d.	·629
The Remittance by Bills, ditto	2s. 1d.	·719
Bullion Value of a Sicca Rupee	2s. 1d.	·56

The consignments of Cotton from Bombay have yielded a fair remittance. The provision of cotton and sandal-wood at Madras has been discontinued, in consequence of its having been attended with loss.

give profitable employment to the Company's shipping when required for political objects (the conveyance of troops, stores, &c.); for as the additional charge for freight was only thirty shillings per ton, it was presumed that they would earn much more, in the shape of political and commercial freight, on the circuitous voyage.

The exportation of metals and British manufactures to China was also prosecuted, with the double view of furnishing a remittance, and of promoting the manufacturing interests of this country. But the time is at length arrived, when collateral objects of this kind must give place to more urgent considerations. The Company have been charged with a total disregard of commercial principles, when, in fact, commercial objects were not immediately in view. They have been told that their transactions have had the effect of deranging both the foreign and domestic markets; that they have purchased dear and sold cheap, with little attention to profit and loss, or to the state of supply and demand; that, in uniting the character and powers of sovereign to that of merchant, they have obtained an undue advantage over other traders; and that they have thus driven out those who would have carried on the commerce of India on safe and wholesome principles, and to the advantage of the empire at large.

It would answer no useful purpose, at this late period, to enter upon an examination of these charges. The Company are willing to admit, that the time has arrived when some important changes may be introduced in the existing system with the prospect of advantage, and they are solicitous to satisfy all the just expectations of the country. They are prepared to abandon the trade from India altogether, and to withdraw from the export trade to China, both from India and this country. They are moreover willing to confine their commercial operations to the single article of Tea for the supply of the home consumption, allowing the British merchant to engross the rest of the trade between China and the Eastern Archipelago, and every other part of the world.

By giving up the circuitous voyage to India, and by despatching their ships to China at certain stated seasons, they have reason to expect that the voyage may be completed in less than twelve months, and that two voyages may be performed in the period which is now occupied by one; that by means of this easy and judicious change, by reducing the military equipment of their ships, and by contracting for the tonnage required for the home voyage only, a saving in the charge of freight may be effected in nearly the proportion of one-half the present amount, while by reducing their stock of Tea, and the consequent

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charge of interest, and by enforcing certain reductions in the charges of merchandize, both abroad and at home, the trade will be relieved from every expense which is not essential to its successful prosecution.

So much evidence has been brought to bear upon the question of the China monopoly, that it would be vain to attempt to reconcile the discordant statements and opinions which it exhibits; but there are certain facts connected with it which admit of no contradiction. Under the existing system, the Government of this country realize an annual revenue of from three millions and a half to four millions sterling, without incurring any charges of collection, while the Company are enabled to pay the dividends on their capital stock, amounting to about £600,000 per annum, which constitute properly a national charge, since a portion of this capital has actually been advanced for territorial purposes, that is, for maintaining our dominion in a country, whose possession has tended most essentially to aggrandize the British empire.

It may be asked, then, will any statesman of common prudence be found disposed to put to hazard a revenue of this kind, so safely and so easily realized, by resorting to untried theory? What interest is he called upon to protect? That of the British consumer, it will be replied. But the British consumer must continue to pay the present tax of £100 per cent., unless some effectual and unobjectionable substitute can be provided; and has not the experiment been made of reducing the tax on Tea, and substituting one which was found to be of a much more oppressive character? And have the Government been compelled to *recur* to this productive source of supply, by raising the tax on Tea to its present high standard?

If the British consumer be called upon to pay inordinate charges in addition to the tax, he would have just cause of complaint.* But such will not be the case; and the Court of Directors, supported as they are in the opinion by the best evidence on the subject, must contend that their teas are procured on *more favourable terms*, both with respect to quality and price, under their management, than they are likely to be under the competition which must take place,

* The Company, like other merchants, must of course look to a profit on their trade, sufficient at least to pay the interest on the capital employed, which, on the capital employed in Tea (about six millions) would amount to about £300,000 per annum. In collecting the tax without any charge, a saving accrues to the nation, which operates as a relief, either to the consumer or to the payer of taxes generally. The charge of collecting the customs of the United Kingdom exceeds six per cent., that on the excise exceeds five per cent. Take the lowest, and the charge of realizing the revenue on Tea would amount to about £200,000 per annum.

place, in the event of the trade being rendered perfectly open and free. They must also contend, that the prices in the home market are likely to be more steady and uniform under the present management; for although the competition of numerous importers might sometimes reduce them below their natural level, that is, below the actual expense of bringing the article to market, there will occur, on the other hand, violent alternations in the case of a deficient supply; and the consumer will not only suffer from enhanced prices, but also from that adulteration which high prices always tend to produce. Had not the East-India Company, at a very great sacrifice of interest, observed the precaution to retain a large stock of tea in their warehouses, it is to be apprehended that the late occurrences in China would have had the effect of raising the price of the article far beyond its ordinary rate, and that the British consumer at this moment would have been exposed to all the disadvantages incidental to a deranged state of the market. Moreover, it may be asked, in what manner could an *ad valorem* duty of £100 per cent. be collected, if the Company's public sales were dispensed with? Would it be safe to take the invoice or a valuation by brokers, or the result of a private sale, when there would be such temptation to evade so high a duty; when the article itself is of a quality which is not discoverable from any particular designation, and when the price of this article depends so much upon the taste, if not the caprice of the consumer?

The Chinese system for regulating their foreign commerce by the instrumentality of the Co-Hong, or society of merchants, is essentially one of monopoly, and this confederation can only be met and opposed by an agency of the same character. Individuals acting against individuals negociate upon equal terms, and prices are generally brought to a just level; but if a single seller have the privilege of supplying great numbers of eager and inexperienced purchasers, it cannot be difficult to determine on which side the advantage will preponderate. The British merchant will be in a great measure at the mercy of the Chinese Hong. Not having any factory or establishment at Canton, he will be liable to many impositions, for which it will be impossible afterwards to obtain indemnification. He will have no ground of confidence; every chest of tea must be examined to ascertain its quality, and to detect those frauds in the package which the Chinese practise with so much skill; and he will be exposed to all those exactions, vexations, and delays, which are only now prevented by the weight and influence of a great commercial body, proceeding steadily, and combining the advantages of unity of action.

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And how, it may be asked, will collision with the Chinese Government be prevented, if numerous adventurers be permitted to flock to that country in small vessels, in pursuit of some temporary object, without regard to future consequences? The free traders from India and America have already established an organized system of smuggling at the anchorage of Lintin, in open defiance of the Chinese authorities, and the outrages which they have lately committed, in aggravation of their habitual violation of the law, are likely to produce a most embarrassing question of a political nature. British consuls may, no doubt, be stationed at Canton, and be invested with ample powers of restraint and control, but it is apprehended that they would be objects of jealousy to the Chinese authorities; and whatever control they might exercise over British subjects trading as such, they could not give them that distinctive character which the ships and officers of the Company at present bear, and which prevents their being confounded with other foreigners, whose conduct may be such as to give just ground of offence to the Chinese Government.

Some inconvenience may be experienced from the promiscuous resort of British shipping to China, *even under licenses from the Company*; but the evil will be of a much more serious character if its mediatory influence should be withdrawn, and all causes of commercial difference should become matter of political concern to the two States.

Again, if an unrestricted intercourse with China be established, and the British merchant be allowed to import tea into Great Britain in ships of all descriptions, by what means can a contraband trade be prevented? In what manner will it be practicable to secure the revenue, when there is the temptation to evade a duty of £100 per cent.? At present, the large ships of the Company are well known and easily identified. They import at a particular dock; they never break bulk (as it is termed) during the voyage; and strict regulations are prescribed to enforce the delivery of every chest of tea which is put on board in China. The commanders and officers holding their situations during good behaviour, with the prospect of rising to higher grades and to the superior advantages of the service, have much at stake, and their good conduct can confidently be relied upon; but if the free importation of tea into England should be permitted without these necessary checks, and without those grounds of confidence which a well organized and respectable service is calculated to afford, it will be extremely difficult, if not impracticable,

impracticable, to guard against frauds upon the revenue to a very injurious extent.

If, however, financial considerations could with prudence be disregarded; if an annual revenue of nearly four millions sterling might without inconvenience be endangered, or the Government were prepared with an unobjectionable substitute, there are *political* considerations which demand the most deliberate attention. The existing system of restraint has tended unquestionably to prevent any serious collision with the Chinese for a century past; and it is impossible for any sober mind to contemplate a rupture with that empire without feelings of the deepest repugnance. The Chinese do not court a political connection with us; they are not solicitous even to extend a commercial intercourse. They have a right to frame and enforce their own municipal laws and regulations, and to observe whatever policy shall seem to them best in relation to the commerce of foreigners at their ports. They have almost isolated themselves from the rest of the world; and without being in a condition to attempt aggression on other nations, they claim only the privilege of remaining unmolested at home. The empire, which in point of geographical extent is second only to that of Russia (if we exclude our own territorial possessions in the East), is thronged with a peaceful and industrious people, whose numbers are estimated at one-fourth of the population of the inhabited globe; and whatever may be its theoretical or practical defects, this people have long submitted to their national government and to its institutions, without appearing to desire foreign interference or a foreign connection. And yet there are men rash enough to meditate the invasion and subjection of this immense empire! Men who would carry war and desolation into a country, to teach its Government the principles of free trade, or to enforce a recognition of the international law of Europe! The project of invading so populous a region while the Government and the people are united, would be sufficiently extravagant, if the object were just and rational. It would be wild, because the expense must be enormous, the waste of life must be great, and the prospect of success slight and uncertain, while success itself would perhaps in its consequences be a greater evil than disappointment. We have already a much larger territory than we can properly govern; we have more subjects than we can protect and foster, and improve in their social condition; and we have complicated duties to perform and perplexed interests to adjust, very far beyond the ordinary reach

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of human intelligence. To add the empire of China to our dominion (if Europe and America should quietly submit to our further aggrandizement) would be to heap one huge mass upon another, until the whole should fall by its own weight, or until by some sudden convulsion the enormous branches should be violently torn from the parent stem.

The commercial intercourse with China is extremely beneficial to us, and its continuance is highly desirable. It supplies us exclusively with an article of consumption, which is conducive to the comfort of our people, and which could not now be dispensed with, without breaking in upon our long-established habits. This article is *the productive source of a large revenue, which is realized without difficulty and without expense.* The Chinese receive in return our metals and manufactures, and they also take from us (too largely, it may be apprehended) a large quantity of opium, the produce of our Indian territory, from which we draw a considerable annual revenue.

These are among the financial and political considerations which call for dispassionate examination. Under the existing system, the important objects adverted to have in a great measure been secured; and it is not too much to contend, that under an entire change of that system, they would be placed at very great risk. If the Chinese could be prevailed upon to adopt the policy of free and unfettered trade, we might fairly be called upon to act upon the same principle; but a confederated association, on the one hand, can only be met and successfully opposed by an organized body of the same description. The Company's Factory at Canton is constituted in a way peculiarly suited to counteract that which might prove extremely injurious in the constitution of the Chinese Co-Hong; and there are abundant grounds for believing, that the quality of the Teas has been preserved from deterioration, and that the prices have been maintained on a fair and just level, by the steady, firm, and judicious conduct of our Supra-cargoes. It is not enough to shew that the Americans and others can purchase good and cheap Teas at Canton. They are enabled to do so under the shelter of the Company's monopoly. They benefit by the influence which we have established, and only travel with ease and convenience, because we have constructed a safe and commodious road for all those who have occasion to frequent it. The extensive purchases of the Company, which are regulated by parties meeting upon an equal footing, determine the general prices of Tea, and may be said to settle the market; and the American and other purchasers follow with ease in the wake of this great body, which has already penetrated the resisting medium.

Moreover,

Moreover, in noticing the commercial advantages which we derive from our intercourse with China, we must not overlook the fact, that it furnishes a safe, convenient, and advantageous channel for effecting a remittance of the territorial tribute due from India to the mother-country. China incurs annually a commercial debt (or balance of trade) to the extent of above two millions sterling, for the opium and cotton which it receives from India. Great Britain, on the other hand, incurs a large debt to China for the teas with which it is annually supplied; and India incurs a political debt to Great Britain, both on account of surplus revenue applicable to the payment of territorial charges at home, and also on account of the private fortunes acquired by British subjects in India, which sooner or later are removed to the mother-country. This extra demand upon India, beyond that which may arise on the reciprocal interchange of commodities, is estimated to amount to at least three millions sterling per annum; and the East-India Company have acted as the great instrument of effecting the remittance. By very simple arrangements, the debts and credits of the three countries have, in a great measure, been adjusted by this great commercial and political organ of administration. Where a balance is found to exist, it is settled by a bill, instead of having recourse to the more tedious and expensive process of a bullion remittance; and although the system of management has not yet, perhaps, attained its utmost state of perfection, the Court of Directors, if invested with the single privilege of supplying exclusively the home market with Tea, can confidently undertake to effect, as heretofore, the territorial remittance on favourable terms, and to supply the British consumer, regularly and abundantly, with the article of the best assortments and qualities, and at fair and reasonable prices. The first cost in China, it is contended, will be *more moderate* and *less fluctuating* and *uncertain*, than it is likely to be under the influence of that violent competition which a free trade must engender. The law* which requires the Company to put up the article at public sale at prices which represent the actual cost with the subsequent charges, must furnish ample security against the exaction of inordinate profits, as long as the consumption is fully supplied; and the Company, so far from having attempted to enhance prices by a scanty and inadequate supply, have been anxious to promote consumption and to extend their trade, by habitually retaining a much larger stock of Teas than the demand required

* Act 24 Geo. III cap. 38, sec. 5.

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required or the provisions of the Legislature exacted,* and by exposing a larger quantity for sale than the dealers have been generally disposed to purchase: thus proposing to realize a small per-centage on a large consumption, rather than a high rate of profit on a more limited quantity.

The facts which have been adverted to are capable of being substantiated by documentary evidence; and it would not be difficult to furnish much more ample details, if the present statement were intended to do more than lay the foundation for ulterior proceedings.

With respect to the deputation of a Commission to India, for the purpose of prosecuting an enquiry on the spot, it may be observed, that the Committees of the Lords and Commons have collected a great body of evidence on Indian affairs; but it is certain, at the same time, that their investigation has not been conducted with that regularity and steady attention to particular objects, which are essential to give it a connected form and a concentrated force. The examination of witnesses is very diffuse and desultory, and is frequently broken in upon and interrupted; the object of the questions is not always apparent, and the bearing of the replies is often involved in doubt and uncertainty. The opinions of the witnesses are various and discordant, and even upon matters of fact their statements are sometimes adverse and contradictory. The immense bulk of evidence renders a digest of it extremely difficult, and it can scarcely be reconciled or be justly appreciated, except by those whose previous knowledge has rendered them independent of any such enquiry.

That difficulties of the same kind may occur in the course of prosecuting a local enquiry cannot be denied; and unless the investigation be committed to able, independent, and impartial men, it may be *worse than useless*. Three experienced Commissioners, however, employed as they will be upon one great object with undivided attention, may be expected to proceed in a more systematic manner towards the great end proposed, and to collate, arrange, and work up the materials which may be collected, in a way to embody every

* Act 24 Geo. III. cap. 38, sec. 5, requires that Tea shall be ordered to be purchased, sufficient with the stock in hand to supply at least *one year's consumption*. The Company have usually retained a stock equal to about two years' consumption, independently of the quantity *in transitu*. For the quantity exposed to sale annually, see Statement B.

every thing of importance, to the exclusion of every thing which is not essential to the development of the questions at issue.

The following summary is intended to exhibit the various heads of enquiry to which the attention of the Commissioners should be directed; but it will be useful to furnish them with instructions much more in detail, with respect to the time and manner of conducting the investigation.

First General Head.—China, the Eastern Archipelago, and the Settlements in the Straits of Malacca.

1st. On the best means of improving and securing our political relations with the Government of China.

2d. On the best means of rendering the commerce between China and Great Britain most conducive to the prosperity of the national interests.

3dly. On the expediency of continuing to the East-India Company the exclusive privilege of supplying the home market with the article of tea.

4th. On the nature of the establishment (whether consular or otherwise) which should be maintained at Canton, or at any other station, for superintending the trade, and controlling the conduct of British subjects while resident in China.

5th. On the state of the trade carried on between China and British India, and on the best means of preserving the revenue derived from the opium monopoly in Bengal.

6th. On the best means of encouraging and improving the trade which is carried on by British subjects in the Indian Archipelago.

7th. On the present condition of the British Settlements in the Straits of Malacca, the Coast of Tenasserim, &c.

8th. On the best means of providing for the administration of those dependencies.

9th. On the question of rendering the Island of Singapore, or some other convenient station, an entrepôt for British commerce with China, in the event of any obstruction occurring to the commercial intercourse of British subjects with that empire.

10th. On the best means of preventing piracy, contraband trade, and the traffic in slaves, in the Straits of Malacca and the Eastern Archipelago.

11th. On our political relations with Siam, Cochin-China, and the Malayan States.

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Second Head.—On the Constitution of the Government of British India.

1st. With relation to its constitution, efficiency, and political powers.

2d. Its legislative functions.

3d. Its judicial functions, and power of control over European British subjects and foreigners.

4th. Its power to regulate and control the press.

5th. Its control over the army.

6th. Its civil and military patronage.

7th. Its relations towards the Independent Native Powers.

8th. Its connection with the States of Oude, Hyderabad, Nagpore, and other dependencies.

9th. Its connection with the Rajpoot States, Bhopaul, Saugur, Rampoor, &c.

10th. Its relation towards the titular Emperor of Delhi, the Nawaub of Moorshedabad, the Nawaub of the Carnatic, the Rajahs of Tanjore, Mysore, &c.

11th. Its means of control over the military force maintained by the Government of Hyderabad and other dependencies.

12th. Its power to tax European British subjects.

Third Head.—Supreme Courts of Judicature

Powers and jurisdictions of these Courts over the Natives residing beyond the limits of Calcutta, Fort St. George, and Bombay.

Over the Revenue, Military, and other Servants of the Company.

Over Natives in the employ of Europeans.

Their claim to *exclusive jurisdiction*, whenever their jurisdiction attaches, and to superiority over the Provincial Courts to the exclusion of a concurrent jurisdiction.

Their efficiency in affording protection to the Natives of India against European British subjects and foreigners, and against the public Functionaries of the local Government.

Expense of litigation and duration of suits.

Their general character and tendency to impress the Natives with a sense of their own security, and with a respect for English law and British justice,

Fourth Head.—Judicial Administration of India.

1st. Judicial establishments.

2d. The jurisdiction of the Provincial and other Courts.

3d. Code

3d. Code of Regulations enacted in 1793.

4th. On the recognition of the Mussulman law as the criminal code.

5th. On the employment of Natives in judicial situations.

6th. On their employment as jurors.

7th. Duration of suits and expense of litigation.

8th. On the Punchayet or Native Courts of arbitration.

9th. On the guarantee to the Natives of their religion, laws, and social institutions.

10th. On the effects of the union of the magisterial and revenue authorities.

11th. General effects of the judicial system upon the character and conduct of the Natives, and its tendency to afford protection to the persons, property, and rights of individuals.

Fifth Head.—On the Indian Revenue.

1st. On the land revenue.

2d. The salt monopoly.

3d. The opium monopoly.

4th. On the Abkarry, or tax upon spirituous liquors and drugs.

5th. The stamp duties.

6th. The sayer and duties on pilgrims.

7th. The customs.

8th. On the land tenures of India.

9th. On the comparative advantages of the different modes of revenue settlement in regard to the financial interests of the State.

10th. On their influence upon the condition and well-being of the agricultural population.

11th. On their effects in preventing or mitigating the evil of periodical scarcity or famine.

12th. On the question of resuming alienated lands and lands appropriated to religious endowments.

13th. On the appropriation of waste lands by the Government.

14th. On the expediency of allowing Europeans to hold land, either in full property or under long leases.

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Sixth Head.—On the Territorial Debt of India.

1st. Its growth and present amount, rate of interest, and annual charge.

2d. On the expediency of allowing payment of the interest to be made in England.

3d. On the settlement of the account between the territory and commerce.

4th. On the mints and coinage, and on the expediency and practicability of equalizing the currency of India.

5th. On the banking establishments of India, and the use of a paper currency.

Seventh Head.—On the Army of India.

Its present condition and degree of efficiency.

On the means of promoting the well-being and efficiency of this branch of the service.

Eighth Head.—Marine Establishments.

On the present condition of the Bombay Marine or Navy of India.

On the means of improving that branch of the service.

State of the Pilot Service in Bengal and at Bombay.

Means of improving those establishments.

On the practicability and advantage of introducing steam on the rivers of India.

On the employment of Lascars, or native seamen, in the royal and commercial marine.

Ninth Head.—Civil Service of India.

Question of an exclusive service.

Nature of the education for that service, and the proper age for entering it.

On the separation of the judicial branch, and the proper education to be given to the servants destined for that department of the service.

On the scale of allowances, furloughs, retiring pensions, &c.

On the general advantages and disadvantages of an exclusive service.

On the proper selection for that service, and application of the patronage.

Tenth Head.—Indo-Britons and European Foreigners.

1st. Number and character of the Indo-Britons.

2d. Means of affording them employment, and of improving their condition.

3d. Laws

3d. Laws applicable to them.

4th. Condition of the Portuguese and other descendants of foreign Europeans.

5th. Laws affecting foreigners generally.

Eleventh Head.—Natives of India.

1st. Character of the Mahomedans, and on the two sects into which they are divided.

2d. Character of the Hindoos.

3d. On the guarantee to the Natives of their religion and laws.

4th. On the existence of any general feeling calculated to unite them in any common object hostile to the British supremacy.

5th. On the support of temples and places of pilgrimage.

6th. On the means of promoting education.

7th. On the influence of the Hindoo and Mahomedan religion and law upon the character of the people.

8th. On the suttee and other sacrifices.

9th. On the effects of caste and Brahminical privileges.

10th. On the means of improving the condition and raising the character of the Natives generally.

Twelfth Head.—On Colonization, or the Location of Europeans in India.

1st. Its probable effect upon the agricultural, commercial, and manufacturing interests of India.

2d. Its probable effect upon the commercial or other interests of Great Britain.

3d. Its probable tendency to displace the Native landholders from their present possessions.

4th. Its tendency to produce collision between the Natives and Europeans.

5th. On the practicability of administering the present system of judicature, and of maintaining an efficient police after the admission of European settlers.

6th. On the expediency of introducing English law, the English language, and English institutions into the *interior* of India.

7th. On the tendency of colonization to strengthen the connection between the two countries, or to lead to a separation of the Indian empire from Great Britain.

8th. On

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8th. On the effect of a long residence in India upon the physical and moral character of Europeans.

9th. On the probable effect of the introduction of the lower order of Europeans as settlers among the Natives of India.

On the general advantages and disadvantages to the Natives resulting from the residence of Europeans among them.

Nature of the laws and regulations applicable to Europeans residing in India, and means of improving those laws.

Last Head—General Policy.

1st. Proper seat of the Supreme Government.

2d. On the expediency of establishing a subordinate Government or Presidency in Central India or the Western Provinces of Bengal.

3d. On the means of protecting our Indian territory from foreign invasion, and of cementing a cordial friendship with the Native independent States.

4th. On the best means of bringing forth the agricultural and commercial resources of British India, so as to promote the prosperity of the country, and to increase as much as possible its value to Great Britain.

5th. On the best means of encouraging the production of cotton, tobacco, and other articles, of a quality to suit them for the home market, with a view not only to extend the channel of remittance from India, but also to render Great Britain, as far as possible, independent of all foreign supply in those articles.

6th. On the means of encouraging the manufactures of India, and of improving the condition of the manufacturers, who have had to sustain an unequal competition with the manufactures of Europe, under the operation of the existing laws.

7th. On the means of conciliating the affection of our Native subjects, and of averting all sources of danger to our empire, whether from external or internal causes.

8th. Generally, on the means of consolidating and giving stability to our dominion, and of rendering the connection between the two countries permanent and mutually beneficial.

It may be urged, that the enquiry contemplated might be committed with better effect to the Governments of India, assisted by their officers, since they would

would command greater influence, and would possess more extensive means of drawing forth the best evidence. It will be necessary, no doubt, to arm the Commissioners with very ample powers. They must be authorized to call for evidence from every quarter, to summon before them, if necessary, the highest functionaries, to examine witnesses upon oath, to commit for perjury or contempt, and generally, to command whatever they may require for the due execution of their trust. But it would be quite impossible for the Local Governments to conduct such an investigation without neglecting their other duties. They have already duties to perform so numerous and arduous, that it is scarcely practicable to do justice to them all; and it is, perhaps, one of the evils inherent in our situation, that owing to the circumstance of European agency in India being so expensive, it is found impossible to furnish that full and complete apparatus of Government which the exigencies of the service require.

An objection of a different, and of a much more serious character, is to be found in the difficulty of pointing out three men possessing such varied knowledge and experience, such industry, energy, and impartiality, such freedom from any bias towards particular theories, as to become fair, intelligent, and unprejudiced judges of a system, involving some of the most difficult and complicated questions which could be submitted to the human understanding. To unravel and expound some of these questions, professional knowledge will be necessary; and to embrace them all, knowledge as various as the subjects will be required. But to all this it may be replied, that in conducting human affairs, we must resort to the best means and instruments within our reach; and that if it be impossible to accomplish every thing which may be desirable, we must endeavour to produce as much good as circumstances will permit. *It is not the East-India Company, or their Court of Directors, who call for a Commission;* but they are willing and ready to aid in promoting any investigation into the character and conduct of their administration, which Parliament or His Majesty's Government may wish to institute. They feel confident that it will bear the strictest examination; that they will be found to have acted towards the people of India as just and beneficent rulers; that the country, which was acquired by the exertion of extraordinary energy, has been retained by the habitual exercise of vigilance, prudence, and wisdom, and by enforcing sound and just principles of Government; and they may add, in conclusion, that they are fully aware and quite ready to admit, that their claims to be continued in the

No. XXXIII.

Papers referred to in Mr. Tucker's Dissent, 30 Mar. 1833.

the administraiton of our Indian territory can rest only upon the ground, that their agency is likely to promote, in the greatest attainable degree, the prosperity of our Asiatic possessions, and the general interests of the mother country.

(Signed) H. ST. G. TUCKER.

East-India House,
November, 1831.

No. 3.

FURTHER PAPERS

RESPECTING

THE EAST-INDIA COMPANY'S

CHARTER

1837.

No. 4.

FURTHER PAPERS

RELATING

THE EAST-INDIA COMPANY'S

CHARTER.

1833.

FURTHER PAPERS

RESPECTING

THE EAST-INDIA COMPANY'S

CHARTER.

1833.

LONDON.

PRINTED BY ORDER OF THE GENERAL COURT FOR THE INFORMATION OF THE PROPRIETORS,

BY J. L. COX AND SON, 75, GREAT QUEEN STREET.

1833.

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No. XXXIV.

AT A

GENERAL COURT

OF THE UNITED COMPANY OF MERCHANTS OF ENGLAND TRADING TO THE EAST-INDIES,

Held on Monday, the 25th March 1833.

No. XXXIV.

General Court, 25 Mar. 1833.

THE Chairman acquainted the Court that it had been specially summoned for the purpose of laying before the Proprietors the communications which had taken place between His Majesty's Government and the Court of Directors respecting the Company's Charter.

The undermentioned papers were then laid before the Court, and read, *viz.*

Minutes of a conference between the Duke of Wellington and Lord Ellenborough and the Chairman and Deputy Chairman, at Apsley House, on Tuesday the 12th October 1830.

Minute of a Secret Committee of Correspondence of 20th October 1830.

Minute of a Secret Court of Directors the 20th March 1831.

Minute of a Secret Court of Directors of the 6th April 1831.

Memorandum of an interview between the Right Honourable Charles Grant and the Chairman and Deputy Chairman, at the India Board, on the 7th of July 1831.

Minute of a Secret Court of Directors, 20th July 1831.

Minute of a Secret Committee of Correspondence, the 18th December 1832.

Letter from the Right Honourable Charles Grant to the Chairman, dated 17th December 1832, noticed in the preceding Minute.

Memorandum or Paper of Hints.

Minute of a Secret Committee of Correspondence, 21st December 1832.

Minute of a Secret Committee of Correspondence, 28th December 1832.

Minute of a Secret Committee of Correspondence, 2d January 1833.

No. XXXIV.

General Court, 25 Mar. 1833.

Letter from the Chairman and Deputy Chairman to Earl Grey, dated 3d January 1833.

Letter from the Chairman and Deputy Chairman to the Right Honourable Charles Grant, dated 3d January 1833.

Minute of a Secret Court of Directors, 13th February 1833.

Minute of a Secret Court of Directors, 15th February 1833.

Letter from the Right Honourable Charles Grant to the Chairman and Deputy Chairman, dated 12th February 1833.

Letter from the Chairman and Deputy Chairman to the Right Honourable Charles Grant, dated 15th February 1833.

Letter from the Right Honourable Charles Grant to the Chairman and Deputy Chairman, dated 19th February 1833.

Minute of a Secret Court of Directors, 20th February 1833.

Minute of a Secret Court of Directors, 22d February 1833.

Minute of a Secret Committee of the whole Court, 26th February 1833.

Minute of a Secret Court of Directors, 26th February 1833.

Letter from the Chairman and Deputy Chairman to the Right Honourable Charles Grant, dated 27th February 1833.

Minute of a Secret Court of Directors, 15th March 1833.

Letter from the Right Honourable Charles Grant to the Chairman and Deputy Chairman, 14th March 1833.

Minute of a Secret Court of Directors, 16th March 1833.

Minute of a Secret Committee of the Whole Court, 16th March 1833.

Minute of a Secret Committee of the Whole Court, 18th March 1833.

Minute of a Secret Court of Directors, 18th March 1833.

Letter to the Right Honourable Charles Grant from the Chairman and Deputy Chairman, 18th March 1833.

Minute of a Secret Court of Directors, 22d March 1833.

Letter from the Right Honourable Charles Grant to the Chairman, 16th March 1833.

Letter from the Right Honourable Charles Grant to the Chairman and Deputy Chairman, 21st March 1833.

Letter from the Chairman and Deputy Chairman to the Right Honourable Charles Grant, 22d March 1833.

The Chairman stated, that since the meeting of the Court he had received a further letter from the Right Honourable Charles Grant, dated this day, in reply to the letter from the Chairman and Deputy Chairman of the 22d instant; Whereupon the same was read.

On

No. XXXIV. General Court, 25Mar.1833.

On a motion:

Resolved unanimously, That the several Papers which have been communicated to the General Court respecting the Company's Charter, be printed for the information of the Proprietors.

It was then moved and on the question,

Resolved unanimously, That the consideration of the above-mentioned Papers be adjourned until Monday the 15th April next. Whereupon

The Court adjourned accordingly.

No. XXXV.

AT A

GENERAL COURT

OF THE UNITED COMPANY OF MERCHANTS OF ENGLAND TRADING TO THE EAST-INDIES,

Held on Monday, the 15th April 1833.

No. XXXV. General Court, 15Apr. 1833

The Chairman acquainted the Court that it was specially met by adjournment for the purpose of taking into consideration the papers respecting the Company's Charter which were laid before the General Court on the 25th ultimo.

A Dissent of Henry St. George Tucker, Esq. having reference to the papers above-mentioned, and recorded on the Minutes of the Court of Directors of the 3d instant, was called for and read.

The following Resolution was then submitted to the Court, *viz.*

" That having attentively considered the correspondence which was laid " before the Proprietors on the 25th ultimo, this Court must, in the first place, " express their cordial approbation of the conduct of the Court of Directors, " in maintaining, as they have done, with judgment, zeal, and ability, the " rights and interests of the East-India Company.

" That on reviewing the intimate connexion which has so long subsisted " between India and the Company, this Court desire to record their conviction " that the Company can have no other object in undertaking to administer

No. XXXV. — General Court, 15 Apr. 1833.

"the Territorial Government for a further term, than the advancement of the "happiness and prosperity of our Native Subjects; and that if Parliament "in its wisdom should consider, as His Majesty's Ministers have declared, "that that great object may be best promoted by continuing the administra- "tion in the hands of the Company, but divested of their commercial "character, the Company having through the Court of Directors suggested, as "it was their duty to do, the difficulties and dangers, political as well as finan- "cial, which beset the dissolution of the connexion between the Territorial and "Commercial branches of their affairs, it will not shrink from the undertaking "even at the sacrifices required, provided that powers be reserved to enable "the Company efficiently to administer the Government, and that their "pecuniary rights and claims be adjusted upon the principle of fair and liberal "compromise.

"That the Company, however, looking to the present and prospective state "of the Indian finances, to the aid which the Territory derives from the "Trade, and to the probable difficulty of effecting remittances from India "under the proposed system, are of opinion that it is not reasonable that 'the "'Company's Assets, Commercial and Territorial, with all their possessions "'and rights, shall be assigned to the Crown on behalf of the Territorial "'Government of India,' in exchange, as proposed by His Majesty's Minis- "ters, for an annuity of ten and a-half per cent. for forty years, payable in "England, out of the Territorial Revenues, and redeemable at the end of "that period, at the rate of £100 for every £5. 5*s.* of annuity, except on the "following conditions, *viz.*

"First. That the sum to be set apart for a Guarantee Fund be extended "to such an amount as upon reasonable calculation will be sufficient, with "the accumulations during forty years, to redeem the Annuity at the "expiration of that term; and that in the event of India failing in any "one year to remit sufficient funds to pay the Dividend, the deficiency "shall be supplied out of the Guarantee Fund; any sums which may be "taken for that purpose being made good to the fund by subsequent "remittances from India.

"Secondly. That the Company, exercising the same powers as they "now possess under their Charter, shall continue to administer the "Government of India for a defined period, not less than twenty years, "and if deprived of it at the expiration of that term, or at any time sub- "sequently thereto, they shall be allowed the option of demanding pay-

"ment

" ment of the principal, at the rate of £100 for each £5. 5*s*. of annuity,
" and whenever paid off, they will be entitled, if they shall see fit, with
" their capital, or any portion thereof, to resume their undoubted right to
" trade, which it is now proposed by His Majesty's Ministers should be in
" abeyance.

" Thirdly. That during the period of the Company's administration
" of the Territorial Government, all measures involving direct or contin-
" gent expenditure shall originate with the Court of Directors, and be
" subject as at present to the control of the Board of Commissioners,
" under the restrictions of the existing law; and further, that sufficient
" powers be reserved to the Company to check, by a system of publicity
" to both Houses of Parliament, or by some other means, any acts of the
" Board which may appear to the Court of Directors to be unconstitutional,
" to militate against the principles of good government, to interfere with
" substantial justice to our allies, or to invalidate or impair the security for
" the Dividend; and

" Fourthly. That a sufficient power be retained over the Commercial
" Assets to enable the Court of Directors to propose to the Company, and
" ultimately to the Board for their confirmation, a plan for making suitable
" provision for outstanding Commercial obligations, and for such of the
" commercial officers and servants of the Company as may be affected by
" the proposed arrangements.

" That the Court of Directors be requested to communicate this Resolution
" to His Majesty's Ministers."

And after a discussion of some length it was moved,

" That the Debate be adjourned until to-morrow, and that the Resolution
" which has this day been submitted be printed for the information of the
" Proprietors." Whereupon,

It was proposed to omit the word " to-morrow," and to substitute the words " Friday next."

And the question, " That the word *to-morrow* stand part of the question," being put,

It passed in the Affirmative.

It was then

Resolved, That the Debate be adjourned until to-morrow, and that the Resolution which has this day been submitted, be printed for the information of the Proprietors.

The Court thereupon adjourned until to-morrow the 16th instant.

No. XXXVI.

AT A

GENERAL COURT

OF THE UNITED COMPANY OF MERCHANTS OF ENGLAND TRADING TO THE EAST-INDIES,

Held on Tuesday, the 16th April 1833.

No. XXXVI. General Court, 16 Apr. 1833.

The Chairman acquainted the Court that it was specially met by adjournment, for the purpose of continuing the consideration of the Papers respecting the Company's Charter, which were laid before the General Court on the 25th ultimo.

The Resolution which was yesterday submitted to the General Court was read, *viz.*

(*See page* 155.)

The Debate was then resumed; in the course of which it was proposed to amend the said Resolution, by adding thereto the following words, *viz.*

"That this Court feel, that to deny the Proprietors permission to invest "their own undeniable property in the Public Funds, with a view to secure "the payment of their Dividends, and ultimately their capital stock in this "country, in preference to drawing £630,000 per annum from the Revenues "of India (were there even a rational hope of realizing so large a sum from "a source liable to such contingencies, as have been strongly pointed out by "the Directors in the printed Correspondence), would be a violation of the "first principles of justice, and such as cannot be submitted to without "dishonour to the Court, and a desertion of those rights upon which "depends the property of every British subject."

And after a discussion of some length,

It was

Resolved, That the Debate be adjourned until Thursday next, and that the Amendment which has this day been proposed be printed for the information of the Proprietors. Whereupon

The Court adjourned until Thursday next the 18th instant.

No. XXXVII.

AT A

GENERAL COURT

OF THE UNITED COMPANY OF MERCHANTS OF ENGLAND TRADING TO THE EAST-INDIES,

Held on Thursday, the 18th April 1833.

No. XXXVII.
General Court, 18 Apr. 1833

It was, on a Motion,

Resolved, That the Dissent of Henry St. George Tucker, Esq. read in this Court on the 15th instant, together with the Papers thereunto appended, be printed for the information of the Proprietors.

(*For Dissent vide page* 113.)

The Chairman acquainted the Court that it was specially met by adjournment, for the purpose of continuing the consideration of the Papers respecting the Company's Charter, which were laid before the General Court on the 25th ultimo.

The Resolution which was submitted to the General Court on the 15th instant, with the Amendment proposed on the 16th instant, were read, *viz.*

(*Vide pages* 155 *and* 158.)

The Debate was then resumed.

In the course of the Debate notices were given by Proprietors of their intention to submit the following Motions, if opportunities should offer for their so doing, *viz.*:

" That the Company, exercising the same powers as they now possess under " their Charter, shall continue to administer the Government of India for a " defined period, and if deprived of it at the expiration of that term, or at any " time previous to the termination of their Annuity, the Government shall gua- " rantee to the Proprietors the punctual payment of their Annuity of $10\frac{1}{2}$ per cent. " until the period at which the principal will become payable, at the rate of £100 " for each £5. 5*s.* of Annuity; and whenever paid off they will be entitled with " their capital, or any portion thereof, to resume their undoubted right to " trade, which it is now proposed by His Majesty's Ministers should be in " abeyance."

" That

No. XXXVII.

General Court, 18 Apr. 1833.

"That this Court approve of the abolition of the China Monopoly, as calculated to promote the general interests of the Empire.

"That this Court consider that the Assets of the East-India Company are more than sufficient to secure the due payment of their Dividends, or if desirable of their capital. That they are therefore in justice entitled to compensation that will insure this end.

"That the Annuity offered by His Majesty's Government on the Territorial Revenues of British India is *insecure* on account of wars and disturbances that may ensue, and the Dividends are consequently insufficient. That so far from this mode of payment uniting the interests of the governors and the governed, it has a tendency to render the money interest predominant, and to increase the burthens of taxation on the people of British India.

"That this Court, satisfied that the Court of Directors will not sanction the sacrifice of their property contrary to all principles of justice, leave the further negotiations and settlement of this great question in their hands and to their wisdom."

"That this Court being deeply impressed with the necessity of maintaining a secure and certain channel of remittance for the requisite annual payments in England on account of the Indian territory, and perceiving no valid objection to the Company continuing to participate with the Public in the trade of the article of Tea from China, are of opinion:—

"That a sufficient portion of the Commercial Assets of the Company should be appropriated for the purpose of continuing the Trade with China to such an extent as shall enable the Company from time to time to effect such remittances.

"That this Court, in urging the necessity of this measure, are actuated by no desire to rival or interfere prejudicially with the interests of private merchants: but, on the contrary, the Court feel convinced that the continuance of the Company's influence at Canton will be found to be the best safeguard and protection of the interests of private merchants, as well as of those of the British and Indian empires."

And after a discussion of some length, it was

Resolved, That the Debate be adjourned until to-morrow, the 19th instant; Whereupon

The Court adjourned accordingly.

No. XXXVIII.

AT A

GENERAL COURT

OF THE UNITED COMPANY OF MERCHANTS OF ENGLAND TRADING TO THE EAST-INDIES,

Held on Friday, the 19th April 1833.

No. XXXVIII. General Court, 19 Apr. 1833.

The Chairman acquainted the Court that it was specially met by adjournment for the purpose of continuing the consideration of the Papers respecting the Company's Charter, which were laid before the General Court on the 25th ultimo.

The Resolution which was submitted to the General Court on the 15th instant, with the Amendment proposed on the 16th instant, were read, *viz.*

(*Vide pages* 155 *and* 158.)

The Proprietor who submitted the above Amendment gave notice of his intention, at a proper period, to request the Court's permission to withdraw the same, for the purpose of substituting another.

The Debate was then resumed.

And after a discussion of some length, it was

Resolved, That the Debate be adjourned until Monday next, the 22d instant. Whereupon

The Court adjourned accordingly.

No. XXXIX.

AT A

GENERAL COURT

OF THE UNITED COMPANY OF MERCHANTS OF ENGLAND TRADING TO THE EAST-INDIES,

Held on Monday, the 22d April 1833.

No. XXXIX. General Court, 22 Apr. 1833.

The Chairman acquainted the Court that it was specially met by adjournment for the purpose of continuing the consideration of the Papers respecting the Company's Charter, which were laid before the General Court on the 25th ultimo.

The Resolution which was submitted to the General Court on the 15th instant, with the Amendment proposed on the 16th instant, were read, *viz.*

(*Vide pages* 155 *and* 158.)

The Debate was then resumed, in the course of which notices were given by Proprietors of their intention to submit the following Amendments, if opportunities should offer for their so doing, *viz.*

"That all the words after the word 'That' in the original Resolution be "omitted, for the purpose of inserting the following, *viz.*

"This Court, having attentively considered the Correspondence submitted "to the Proprietors on the 25th ultimo, are of opinion that the time has "arrived when they must give up their claims to the exclusive Trade with "China, and yield to the public voice, and to the determination of His Ma- "jesty's Ministers to lay open the Trade with that Empire to the community "at large; and this Court will cheerfully concur in any arrangements that "may be necessary to carry that important change into effect; trusting in the "liberality of His Majesty's Ministers and in the justice of Parliament to "enable the Company to settle their outstanding assets as advantageously and "as securely as their past services and rights entitle them to expect.

"That this Court, on reviewing the intimate connection, commercially and "politically, which has so long subsisted between British India and the Com- "pany, desire to record their anxious wish to concur with His Majesty's "Government and with Parliament, in every way in their power, to promote "the

" the welfare, prosperity, and happiness of the Natives in India, alike important " to the cause of humanity as to the power and to the commerce of Britain.

" That if Parliament in its wisdom should consider, as His Majesty's " Ministers have declared, that the Company can administer for a further term " the Territorial Government of India, divested entirely of their commercial " character, as the best means of promoting the happiness and prosperity of our " native subjects in that extensive Empire, this Company will not shrink from " the undertaking, provided that Parliament will grant power to enable the Com- " pany effectually to administer the Government of that Country, and, at the " same time, to secure the just pecuniary claims and interests of the Proprietors.

" That this Court confidently rely, that, whilst the Company are thus " conceding to the wish of the British Nation, the pecuniary rights and claims " of the Proprietors will be adjusted upon the principle of fair and liberal " compromise, that will do honour to the Nation and justice to the Company, " who have with great efforts, and at great risk, raised the Empire in India to " its present magnitude.

" That this Court is obliged, after the most deliberate consideration, to " declare that the plan proposed by His Majesty's Ministers for settling the " pecuniary affairs of the Company, and for securing the regular payment of " the dividends and principal of their stock, is neither satisfactory nor liberal, " nor even a just equivalent for the immense amount of Commercial and " Territorial Assets which the Company are called upon to surrender to the " Crown; and this Court, therefore, anxiously hope that His Majesty's " Ministers will review the whole circumstances of the Company's past and " present situation, and will agree to such arrangement as shall place the " dividends and principal of their stock beyond the risk of those political " changes and occurrences in India that might endanger either or both, and " which it may not be in the power of the Proprietors or of their Directors to " control or to prevent, until it shall be the pleasure of Parliament to place " the Government of India in other hands, and to direct the Proprietors to " be fully paid for their stock at the rate of £100 for every £5. 5*s*. of annuity.

" That the Court of Directors, in whom this Court place perfect confidence, " will be pleased to lay these, the opinions of this Company, before His " Majesty's Ministers with all due respect, and continue their negotiations, in " the hope that, under the extraordinary circumstances in which the Company " have been and are placed, their just pretensions will meet a more favourable " consideration.

 " That

No. XXXIX.

General Court.. 22Apr.1833.

" That the words 'at the rate of £100 for every £5. 5*s.* of annuity,' after " the words 'redeemable at the end of that period,' in the original Resolution, " be omitted, and the following words inserted instead, *viz.* 'at such a rate as " 'will be equivalent to the value of the said annuity.'

" That in the second condition the words 'exercising the same powers as " 'they now possess under their Charter,' be omitted.

" That in the second condition the words 'at the rate of £100 for every " '£5. 5*s.* of annuity' be omitted, and the following inserted instead thereof, " *viz.* 'at such rate as will redeem the Annuity of ten and a-half per cent.' "

And the Amendment which was submitted to the Court on the 16th instant having been, with the Court's consent, withdrawn,

The following Amendment was submitted, in conformity with notice previously given, *viz.*

" That all the words after the words 'defined period,' in the second con- " dition specified in the original Resolution, be omitted, for the purpose of " inserting the following, *viz.*

" 'And if deprived of it at the expiration of that term, or at any time " 'previous to the termination of their Annuity, the Government shall gua- " 'rantee to the Proprietors the punctual payment of their Annuity of ten " 'and a half per cent. until the period at which the principal will become " 'payable, at the rate of £100 for each £5. 5*s.* of Annuity; and whenever " 'paid off, they will be entitled with their capital, or any portion thereof, to " 'resume their undoubted right to trade, which it is now proposed by His " 'Majesty's Ministers should be in abeyance.' "

The said Amendment having been, with the Court's consent, withdrawn;

It was proposed, in conformity with notice previously given, to amend the original Resolution by adding thereto the following words, *viz.*

" That this Court being deeply impressed with the necessity of maintaining " a secure and certain channel of remittance for the requisite annual payments " in England on account of the Indian territory, and perceiving no valid " objection to the Company continuing to participate with the Public in the ' trade of the article of Tea from China, are of opinion

" That a sufficient portion of the Commercial Assets of the Company should " be appropriated for the purpose of continuing the Trade with China to such

" an

" an extent as shall enable the Company from time to time to effect such " remittances.

" That this Court, in urging the necessity of this measure, are actuated by " no desire to rival or interfere prejudicially with the interests of private " merchants; but, on the contrary, the Court feel convinced that the con- " tinuance of the Company's influence at Canton will be found to be the best " safeguard and protection of the interests of private merchants, as well as of " those of the British and Indian Empires."

And the said Amendment having been likewise withdrawn with the Court's consent,

The following Amendment was submitted, in conformity with notice previously given, *viz.*

" That all the words after the word 'That' in the original Resolution be " omitted for the purpose of inserting the following; *viz.*

" This Court, relying upon the assurances given by His Majesty's Ministers, " confidently look forward to the settlement of the existing differences on the " principle of fair and liberal compromise: but in case the Court of Directors " shall not be able speedily to terminate the negociation on this principle, that " the Court of Directors do, without further delay, appeal to the Legis- " lature."

And the Question " That the original words stand part of the question " being put,

The same passed in the Affirmative.

The main question being then read, *viz.*

" That having attentively considered the Correspondence which was laid " before the Proprietors on the 25th ultimo, this Court must in the first place " express their cordial approbation of the conduct of the Court of Directors, " in maintaining, as they have done, with judgment, zeal, and ability, the " rights and interests of the East-India Company.

" That on reviewing the intimate connexion which has so long subsisted " between India and the Company, this Court desire to record their convic- " tion that the Company can have no other object in undertaking to administer " the Territorial Government for a further term, than the advancement of " the happiness and prosperity of our native subjects; and that if Parliament " in its wisdom should consider, as His Majesty's Ministers have declared, that " that great object may be best promoted by continuing the administration in " the hands of the Company, but divested of their Commercial character, the

" Company

No. XXXIX.

General Court, 22 Apr. 1833.

" Company having, through the Court of Directors, suggested, as it was their " duty to do, the difficulties and dangers, political as well as financial, which " beset the dissolution of the connexion between the Territorial and the Com- " mercial branches of their affairs, will not shrink from the undertaking even " at the sacrifices required; provided that powers be reserved to enable the " the Company efficiently to administer the Government, and that their pecu- " niary rights and claims be adjusted upon the principle of fair and liberal " compromise.

" That the Company, however, looking to the present and prospective state " of the Indian finances, to the aid which the territory derives from the trade, " and to the probable difficulty of effecting remittances from India under the " proposed system, are of opinion, that it is not reasonable that 'the Com- " 'pany's assets, commercial and territorial, with all their possessions and " 'rights, shall be assigned to the Crown on behalf of the Territorial Govern- " 'ment of India,' in exchange, as proposed by His Majesty's Ministers, for " an annuity of 10½ per cent. for forty years, payable in England out of the " Territorial Revenues, and redeemable at the end of that period at the rate of " £100 for every £5. 5*s.* of Annuity, except on the following conditions, *viz.*

" First. That the sum to be set apart for a guarantee fund be extended " to such an amount as, upon reasonable calculation, will be sufficient, " with the accumulations during forty years, to redeem the Annuity at " the expiration of that term; and that in the event of India failing in " any one year to remit sufficient funds to pay the Dividend, the defi- " ciency shall be supplied out of the Guarantee Fund, any sums which " may be taken for that purpose being made good to the fund by sub- " sequent remittances from India.

" Secondly. That the Company, exercising the same powers as they " now possess under their Charter, shall continue to administer the " Government of India for a defined period, not less than twenty years; " and if deprived of it at the expiration of that term, or at any time sub- " sequently thereto, they shall be allowed the option of demanding " payment of the principal at the rate of £100 for each £5. 5*s.* of annuity; " and whenever paid off they will be entitled, if they shall see fit, with " their capital, or any portion thereof, to resume their undoubted right to " trade, which it is now proposed by His Majesty's Ministers should be in " abeyance.

" Thirdly. That during the period of the Company's administration

" of

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" of the Territorial Government, all measures involving direct or contin-
" gent expenditure shall originate with the Court of Directors, and be
" subject, as at present, to the control of the Board of Commissioners,
" under the restrictions of the existing law; and further, that sufficient
" powers be reserved to the Company to check, by a system of publicity
" to both Houses of Parliament, or by some other means, any acts of the
" Board which may appear to the Court of Directors to be unconstitu-
" tional, to militate against the principles of good government, to interfere
" with substantial justice to our allies, or to invalidate or impair the
" security for the Dividend; and

" Fourthly. That a sufficient power be retained over the Commercial
" Assets to enable the Court of Directors to propose to the Company, and
" ultimately to the Board for their confirmation, a plan for making
" suitable provision for outstanding Commercial obligations, and for such
" of the Commercial officers and servants of the Company as may be
" affected by the proposed arrangements.

" That the Court of Directors be requested to communicate this Resolution
" to His Majesty's Ministers."

It was moved, and on the question,

Resolved, That the Debate be adjourned until to-morrow the 23d instant.

Whereupon

The Court adjourned accordingly.

No. XL.

AT A

GENERAL COURT

OF THE UNITED COMPANY OF MERCHANTS OF ENGLAND TRADING TO THE EAST-INDIES,

Held on Tuesday, the 23d April 1833.

No. XL. General Court. 23 Apr. 1833.

The Chairman acquainted the Court that it was specially met by adjournment for the purpose of continuing the consideration of the Papers respecting the

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General Court, 23 Apr. 1833.

the Company's Charter, which were laid before the General Court on the 25th ultimo.

The following Resolution which, under the proceedings of the General Court held yesterday, had become the main question, was read, *viz.*

"That having attentively considered the correspondence which was laid "before the Proprietors on the 25th ultimo, this Court must, in the first place, "express their cordial approbation of the conduct of the Court of Directors in "maintaining, as they have done, with judgment, zeal, and ability, the rights "and interests of the East-India Company.

"That on reviewing the intimate connexion which has so long subsisted "between India and the Company, this Court desire to record their conviction "that the Company can have no other object in undertaking to administer the "territorial Government for a further term than the advancement of the hap- "piness and prosperity of our Native subjects; and that if Parliament in its "wisdom should consider, as His Majesty's Ministers have declared, that that "great object may be best promoted by continuing the administration in the "hands of the Company, but divested of their Commercial character, the Com- "pany having, through the Court of Directors, suggested, as it was their duty "to do, the difficulties and dangers, political as well as financial, which beset "the dissolution of the connexion between the Territorial and the Commercial "branches of their affairs, will not shrink from the undertaking, even at the "sacrifices required, provided that powers be reserved to enable the Company "efficiently to administer the Government, and that their pecuniary rights and "claims be adjusted upon the principle of fair and liberal compromise.

"That the Company, however, looking to the present and prospective state "of the Indian finances, to the aid which the territory derives from the trade, "and to the probable difficulty of effecting remittances from India under the "proposed system, are of opinion that it is not reasonable that 'the Com- "'pany's assets, commercial and territorial, with all their possessions and rights, "'shall be assigned to the Crown on behalf of the territorial government of "'India,' in exchange, as proposed by His Majesty's Ministers, for an annuity "of ten and a-half per cent. for forty years, payable in England out of the ter- "ritorial revenues, and redeemable at the end of that period, at the rate of "£100 for every £5. 5*s.* of annuity, except on the following conditions, *viz.*

"First. That the sum to be set apart for a Guarantee Fund be extended "to such an amount as, upon reasonable calculation, will be sufficient "with

" with the accumulations during forty years to redeem the annuity at the " expiration of that term, and that in the event of India failing in any " one year to remit sufficient funds to pay the dividend, the deficiency " shall be supplied out of the Guarantee Fund, any sums which may be " taken for that purpose being made good to the fund by subsequent " remittances from India.

" Secondly. That the Company, exercising the same powers as they " now possess under their Charter, shall continue to administer the Govern- " ment of India for a defined period, not less than twenty years; and if " deprived of it at the expiration of that term, or at any time subsequently " thereto, they shall be allowed the option of demanding payment of the " principal at the rate of £100 for each £5. 5*s.* of annuity, and whenever " paid off, they will be entitled if they shall see fit, with their capital, or any " portion thereof, to resume their undoubted right to trade, which it is " now proposed by His Majesty's Ministers should be in abeyance.

" Thirdly. That during the period of the Company's administration of " the Territorial Government, all measures involving direct or contingent " expenditure shall originate with the Court of Directors, and be subject, " as at present, to the control of the Board of Commissioners, under the " restrictions of the existing law; and further, that sufficient powers be " reserved to the Company to check, by a system of publicity to both " Houses of Parliament, or by some other means, any acts of the Board " which may appear to the Court of Directors to be unconstitutional, to " militate against the principles of good government, to interfere with " substantial justice to our allies, or to invalidate or impair the security for " the dividend: and

" Fourthly. That a sufficient power be retained over the Commercial " Assets to enable the Court of Directors to propose to the Company, " and ultimately to the Board for their confirmation, a plan for making " suitable provision for outstanding Commercial obligations, and for such " of the Commercial officers and servants of the Company as may be " affected by the proposed arrangements.

" That the Court of Directors be requested to communicate this Resolution " to His Majesty's Ministers."

It was proposed to amend the said question by leaving out all the words after the word "That," for the purpose of inserting the following, *viz.*

" This Court, having attentively considered the Correspondence submitted

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General Court, 23Apr.1833.

" to the Proprietors on the 25th ultimo, are of opinion that the time has arrived " when they must give up their claims to the exclusive trade with China, and " yield to the public voice, and to the determination of His Majesty's Ministers, " to lay open the trade with that Empire to the community at large; and " this Court will cheerfully concur in any arrangements that may be necessary " to carry that important change into effect, trusting in the liberality of His " Majesty's Ministers and in the justice of Parliament to enable the Company " to settle their outstanding assets, as advantageously and as securely as their " past services and rights entitle them to expect.

" That this Court, on reviewing the intimate connection, commercially and " politically, which has so long subsisted between British India and the Com- " pany, desire to record their anxious wish to concur with His Majesty's " Government and with Parliament in every way in their power to promote the " welfare, prosperity, and happiness of the Natives in British India, alike " important to the cause of humanity as to the power and to the commerce of " Britain.

" That if Parliament, in its wisdom, shall consider, as His Majesty's " Ministers have declared, that the Company can administer for a further " term the Territorial Government of India, divested entirely of their Commer- " cial character, as the best means of promoting the happiness and prosperity " of our Native subjects in that extensive Empire, this Company will not shrink " from the undertaking, provided that Parliament will grant power to enable " the Company effectually to administer the Government of that country, and " at the same time to secure the just pecuniary claims and interests of the " Proprietors.

" That this Court confidently rely, that whilst the Company are thus " conceding to the wish of the British Nation, the pecuniary rights and " claims of the Proprietors will be adjusted upon the principle of fair and " liberal compromise, that will do honour to the Nation and justice to the " Company, who have with great efforts, and at great risk, raised the Empire " in India to its present magnitude.

" That this Court is obliged, after the most deliberate consideration, to " declare that the plan proposed by His Majesty's Ministers for settling the " pecuniary affairs of the Company, and for securing the regular payment of " the dividends and principal of their stock, is neither satisfactory nor liberal, " nor even a just equivalent for the immense amount of Commercial and " Territorial Assets which the Company are called upon to surrender to the

" Crown

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General Court, 23 Apr. 1833.

"Crown; and this Court therefore anxiously hope that His Majesty's "Ministers will review the whole circumstances of the Company's past and "present situation, and will agree to such arrangement as shall place the "dividends and principal of their stock beyond the risk of those political "changes, and occurrences in India that might endanger either or both, and "which it may not be in the power of the Proprietors or of their Directors "to control or to prevent, until it shall be the pleasure of Parliament to place "the Government of India in other hands, and to direct the Proprietors to "be fully paid for their stock, at the rate of £100 for every £5. 5s. of "Annuity.

"That the Court of Directors, in whom this Court place perfect confidence, "will be pleased to lay these the opinions of this Company before His "Majesty's Ministers with all due respect, and continue their negotiations, in "the hope that, under the extraordinary circumstances in which the Company "have been and are placed, their just pretentions will meet a more favourable "consideration."

And a discussion ensuing in regard to the order of the Court's proceedings,

A memorandum drawn up by desire of the Chairman, detailing the course adopted by him at the meeting of yesterday, was read.

It was then moved, and on the question,

Resolved, That it is the pleasure of this Court to entertain the above Amendment. Whereupon

The said Amendment was received and read.

And after a discussion of some length,

It was

Resolved, That the Debate be adjourned until Thursday next the 25th instant. Whereupon

The Court adjourned accordingly.

No XLI.

AT A

GENERAL COURT

OF THE UNITED COMPANY OF MERCHANTS OF ENGLAND TRADING TO THE EAST-INDIES,

Held on Thursday, the 25th April 1833.

No. XLI.

General Court, 25 Apr. 1833.

The Chairman acquainted the Court that it was specially met by adjournment, for the purpose of continuing the consideration of the papers respecting the Company's Charter, which were laid before the General Court on the 25th ultimo.

The Resolution which was submitted on the 15th instant, and which, under the proceedings of the General Court of the 23d instant, had become the main question, and

The Amendment proposed on the 23d instant, were read, *viz.*

(*Vide pages* 168 *and* 169).

The Debate was then resumed.

The question, "That the words proposed to be left out stand part of the "question," being put,

It passed in the Affirmative.

It was then proposed to amend the main question, by leaving out all the words after the word "That," and inserting others in lieu thereof;

And a discussion again arising in regard to the order of the Court's proceedings,

The Company's Standing Counsel was called upon, and gave it as his opinion that the course adopted by the Chairman on the 22d instant, as detailed in the Memorandum which was read to the General Court on the following day, was perfectly correct; and that the Court having resolved that certain words should stand part of the question, it would be inconsistent with Parliamentary practice to admit an Amendment, the effect of which would be to remove those words, or any of them, from the question.

The Court then adverting to their Resolution of the 23d instant, by which they agreed to entertain a proposition, submitted by way of Amendment, to alter the main question;

It

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It was, on a Motion,

Resolved, That it is the pleasure of this Court to entertain the Amendment now submitted, and any other Amendments which may be proposed. Whereupon

The Amendment in question was received and read, being as follows, *viz.*

"That the words after the word 'That' be omitted, for the purpose of "inserting the following, *viz.*

"This Court have well considered the Papers submitted to their inspection, "containing proposals from His Majesty's Ministers for the assigning over to "the Crown all their rights and all their property, of whatever description, "upon their receiving an annuity of £630,000 per annum, equal to their "present Dividend of ten and a-half per cent., chargeable upon the Territorial "Revenues of India.

"That this Court strongly and gratefully feel the zeal and talent with which "the Directors have sustained the cause of the Proprietors.

"That this Court continue to hold the opinion which they have so often "and so solemnly expressed, namely, that a too free and indiscriminate "access of Europeans into British India cannot but prove dangerous to the "Government in those parts.

"That this Court regard the throwing open of the trade to China, in the "manner proposed, as a perilous experiment, whether considered as relating "to an unlimited access to Canton, to a defalcation in the duties on tea, "which have hitherto been paid into the Exchequer to the extent of between "three and four millions per annum, with no other expense to Government "than that of receiving the same, or to the deterioration of the article, which "will probably arise from general and emulative purchase; and lastly, to the "keeping open a channel of remittance to meet the territorial expenses; yet, "if such be the will of Parliament, this Court bow to its decision, trusting "to an upright Legislature not to take from the Proprietors their Assets, "Commercial and Territorial, with all their possessions and rights, without "just and due compensation.

"That the Proprietors hope they may be allowed to apply their own pro- "perty to their security, by investing in the public Funds a sum sufficient to "cover their Capital and defray their Dividend; or else that Government, on "taking from them the whole of their means, will guarantee the payment of "the same.

"That this Court, looking to the contingencies and casualties so strongly "pointed out by the Directors, to which the Territorial Revenues of India

"must

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" must ever be subject, do not regard the proposed security for their Dividend " as good and sufficient, or as a just equivalent for the immense amount of " Assets which they are called upon to surrender to the Crown; and were it " otherwise, they would beg leave to submit their doubts, how far it would be " either just or wise to draw £630,000 per annum from the Natives of India, " for the purpose of paying to the Proprietors their Dividend.

" Should Government object to the Company's investing such an amount as " will secure their Dividend, and ultimately their Capital, the Proprietors trust " that some other mode, equally safe and satisfactory, will be suggested.

" That should the Proprietors, in consequence of a denial of such security, " or other cause, be obliged to decline a scheme to which their Directors have " said 'it will be impossible for them at any time to lend their sanction,' this " Court are aware that their future trade must be that of a Joint Stock Com- " pany, carried on in common with their fellow subjects; but to that they look " with sanguine expectations of success, considering the ample and almost " perfect means which they possess of trading to an extent considerably " beyond that to which they are confined by their present Charter; and that " their Dividend being then unrestrained by law, may be increased in pro- " portion to their success. In this case, they flatter themselves with still " retaining a very considerable proportion of the China trade, owing to their " skill and experience, and to the character which they have uniformly main- " tained, throughout transactions of such immense magnitude, and during so " many years.

" That in case of the Company continuing to govern India, as proposed " by His Majesty's Ministers, this Court are of opinion, that upon the " undiminished authority of the Directors, the publicity of their proceedings, " and their right at all times to submit any difference of opinion between the " Board of Control and themselves to the decision of Parliament, will depend " the efficiency of the Company's Government, and consequently its per- " manence in India.

" That this Court cordially participate in the sentiments so earnestly " expressed by their Directors and by the Right Honourable Charles Grant, " on behalf of their Commercial Servants, whose fair prospects in life and " whose domestic happiness must be deeply affected by dismission from " employments to which they have long been exclusively devoted.

" That the Court of Directors will be pleased to lay these sentiments before " His Majesty's Ministers with all due respect, and to continue their negotia-

" tion,

" tion, in the hope that the just pretensions of the Company will meet their " favourable consideration."

And the Question, " That the words proposed to be left out stand part of " the Question," being put,

The Chairman declared the same to have passed in the Affirmative. Whereupon

A Division was demanded, and Tellers were appointed, who reported that there were

100 votes for the Question,
32 votes against the Question.

68 majority in favour of the Question,

which was accordingly declared to have passed in the Affirmative.

It was then proposed to amend the main Question, by leaving out the words " at the rate of £100 for every £5. 5*s.* of Annuity," after the words, " redeem- " able at the end of that period," and likewise the same words in the second condition; and by inserting in the former instance the words " at such a rate " as will be equivalent to the value of the said Annuity," and in the latter the words, " at such rate as will redeem the Annuity of 10½ per cent."

And the Question, " That the words, ' at the rate of £100 for every £5. 5*s.* " ' of Annuity ' stand part of the Question," being put,

It passed in the Affirmative.

It was further proposed to amend the main Question, by leaving out the following words in the second condition, *viz.* " Exercising the same powers as " they now possess under their Charter."

And the Question, " That the words proposed to be left out stand part of " the question," being put,

It passed in the Affirmative.

It was then proposed to amend the main Question, by leaving out all the words after the words " Rights and interests of the East-India Company," for the purpose of inserting the following, *viz.*

" That this Court approve of the abolition of the China monopoly, as cal- " culated to promote the general interests of the Empire.

" That this Court consider that the Assets of the East-India Company are " more than sufficient to secure the due payment of their Dividends, or, if " desirable, of their capital; that they are therefore in justice entitled to a " compensation that will insure this end.

" That

No. XLI.

General Court, 25 Apr. 1833.

"That the Annuity offered by His Majesty's Government on the Territorial "Revenues of British India is *insecure*, on account of wars and disturbances "that may ensue, and the Dividends are consequently insufficient. That so "far from this mode of payment uniting the interests of the governors and the "governed, it has a tendency to render the money interest predominant, and "to encrease the burthens of taxation on the people of British India.

"That this Court, satisfied that the Court of Directors will not sanction the "sacrifice of their property contrary to all principles of justice, leave the "further negotiations and settlement of this great question in their hands and "to their wisdom."

And the Question, "That the words proposed to be left out stand part of the Question," being put,

It passed in the Affirmative.

It was further proposed to amend the main Question by leaving out all the words after the word "That," for the purpose of inserting the following, *viz.*

"This General Court of East-India Proprietors, considering it an axiom in "every science, policy, or art, that two instruments never should be substituted "for one when this by itself is equally efficient, they hereby solemnly declare "their firm and conscientious belief, that through the present reformed Par- "liament, any Ministry, and an East-India Secretary of State alone, all *bona* "*fide* responsible to the representatives of the British nation, this Court can "withsafety to every person concerned both at home and abroad, and with "credit and honour to the King's Government, efficaciously conduct their "own civil, military, naval, commercial, or all other miscellaneous affairs in "future, without the smallest interference or control of any superfluous Board "whatever, which would now be at best a useless *imperium in imperio*, pro- "ductive of needless expense, delay, and altercation, without the existence of "one solitary advantage to the State in general, to the welfare of the East- "India Company, to our fellow-citizens in British India, to those in the United "Kingdom, or in any one of its Colonial dependencies in particular. That "this General Court be previously invested with adequate powers to elect "their own Directors, nominate their several Governors, whether general or "subordinate, Commanders-in-chief, and to recal when deemed absolutely "necessary such of them as they cannot trust after trial with the subsequent "management of the Company's interests in Hindoostan.

"That a petition signed by the whole body of Proprietors be forthwith pre- "sented to the Imperial Parliament, respectfully soliciting the immediate

"preparation

" preparation of an Act which shall virtually comprise the foregoing Reso-
" lution, and such other stipulations as they, in their deliberative capacity,
" may from time to time conceive essential to the common-weal of His
" Majesty's territories, not only in India but in every portion of the globe.

" That as an act of justice to the owners of all the large ships hitherto
" expressly built for carrying on the exclusive trade to China, and still in a
" state of navigable existence, this General Court, as representing the whole
" United Company of Merchants trading to India, shall enjoy for a limited
" period the fair and free competition with every other private trader in the
" China trade for tea and every lucrative commodity produced in that dis-
" tant country, but without the smallest vestige of privilege, beyond what
" all their contemporary competitors and rivals in the proposed commerce
" shall acquire in the legitimate prosecution of their several mercantile pur-
" suits."

And the Question, " That the words proposed to be left out stand part of
" the Question," being put,

It passed in the Affirmative.

The main Question was then again read, being as follows, *viz.*

" That having attentively considered the correspondence which was laid
" before the Proprietors on the 25th ultimo, this Court must, in the first place,
" express their cordial approbation of the conduct of the Court of Directors,
" in maintaining, as they have done, with judgment, zeal, and ability, the
" rights and interests of the East-India Company.

" That on reviewing the intimate connexion which has so long subsisted
" between India and the Company, this Court desire to record their convic-
" tion, that the Company can have no other object in undertaking to ad-
" minister the Territorial Government for a further term, than the advance-
" ment of the happiness and prosperity of our native subjects; and that, if
" Parliament in its wisdom should consider, as His Majesty's Ministers have
" declared, that that great object may be best promoted by continuing the
" administration in the hands of the Company, but divested of their Com-
" mercial character, the Company having, through the Court of Directors,
" suggested, as it was their duty to do, the difficulties and dangers, political
" as well as financial, which beset the dissolution of the connexion between
" the Territorial and the Commercial branches of their affairs, will not shrink
" from the undertaking, even at the sacrifices required, provided that
" powers be reserved to enable the Company efficiently to administer the

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General Court, 25 Apr. 1833.

" Government, and that their pecuniary rights and claims be adjusted upon " the principle of fair and liberal compromise.

" That the Company, however, looking to the present and prospective " state of the Indian finances, to the aid which the territory derives from the " trade, and to the probable difficulty of effecting remittances from India under " the proposed system, are of opinion, that it is not reasonable that 'the Com- " 'pany's Assets, Commercial and Territorial, with all their possessions and " 'rights, shall be assigned to the Crown on behalf of the Territorial Govern- " 'ment of India,' in exchange, as proposed by His Majesty's Ministers, for " an Annuity of ten and a half per cent. for forty years, payable in England " out of the Territorial Revenues, and redeemable at the end of that period at " the rate of £100 for every £5. 5s. of Annuity, except on the following con- " ditions, *viz.*

" First. That the sum to be set apart for a Guarantee Fund be extended " to such an amount, as upon reasonable calculation will be sufficient, " with the accumulations, during forty years, to redeem the Annuity at " the expiration of that term; and that, in the event of India failing in " any one year to remit sufficient funds to pay the Dividend, the deficiency shall be supplied out of the Guarantee Fund, any sums which " may be taken for that purpose being made good to the fund by subsequent remittances from India.

" Secondly. That the Company, exercising the same powers as they " now possess under their Charter, shall continue to administer the " Government of India for a defined period, not less than twenty years; " and if deprived of it at the expiration of that term, or at any time " subsequently thereto, they shall be allowed the option of demanding " payment of the principal, at the rate of £100 for each £5. 5s. of " Annuity; and whenever paid off, they will be entitled, if they shall " see fit, with their capital, or any portion thereof, to resume their " undoubted right to trade, which it is now proposed by His Majesty's " Ministers should be in abeyance.

" Thirdly. That during the period of the Company's administration " of the Territorial Government, all measures involving direct or contingent expenditure shall originate with the Court of Directors, and be " subject, as at present, to the control of the Board of Commissioners, " under the restrictions of the existing law; and further, that sufficient " powers be reserved to the Company to check, by a system of publicity

" to

" to both Houses of Parliament, or by some other means, any acts of the " Board which may appear to the Court of Directors to be unconstitu- " tional, to militate against the principles of good government, to " interfere with substantial justice to our allies, or to invalidate or impair " the security for the Dividend; and,

" Fourthly. That a sufficient power be retained over the Commercial " Assets, to enable the Court of Directors to propose to the Company, " and ultimately to the Board for their confirmation, a plan for making " suitable provision for outstanding commercial obligations, and for such " of the Commercial Officers and Servants of the Company as may be " affected by the proposed arrangements.

" That the Court of Directors be requested to communicate this Resolution " to His Majesty's Ministers."

And the following requisition for a Ballot thereon being delivered in, *viz.*

" We, the undersigned Proprietors of East India Stock, concurring gene- " rally in the terms of the Resolution which it has now been agreed shall " form the main question, consider it to be of moment that an opportunity " should be afforded to the Proprietors at large to pass their judgment upon " it; and we therefore require that the same may be decided by Ballot.

" 25th April, 1833.

" C. Marjoribanks,	" J. Hicks,
" W. Wigram,	" W. Hobson,
" Wm. Astell,	" Thomas Vigne,
" W. S. Clarke,	" James Brogden,
" Thomas Poynder, Jun.	" Charles Mills,
" Thos. Hallifax,	" R. M. Grindlay,
" Rd. Twining,	" D. Carruthers,
" Joseph Kaye,	" Henry Heath,
" J. Shore,	" F. M. Ommanney,
" Robert Brown,	" H. Shank,
" Joseph Sellon,	" Wm. Young,
" William Hull,	" George Lyall,
" Patrick Hadow,	" J. R. Carnac,
" James Ritchie,	" Rich. Jenkins."

No. XLI. General Court, 25 Apr. 1833.

Friday, the 3d May next, was fixed for the decision of the said question by the Ballot accordingly.

The Court then, on the question,

Adjourned.

No. XLII.

AT A

GENERAL COURT

OF THE UNITED COMPANY OF MERCHANTS OF ENGLAND TRADING TO THE EAST-INDIES,

Held on Friday, the 3d May 1833.

No. XLII. General Court, 3 May 1833.

The Court being met to receive the votes that may be brought in this day for the determination of the Question agreed on the 15th ultimo to be put this day by the Ballot,

The undermentioned Proprietors were appointed Scrutineers to examine the votes delivered in, and to report the determination of the said Question, *viz.*

John Shore, Esq.
William Burnie, Esq.
William Hammond, Jun., Esq.
John Shepherd, Esq.

At six o'clock the glasses being finally closed, were delivered to the Scrutineers; and

At about seven o'clock the same evening,

Richard Jenkins, Esq. in the Chair,

The Report of the Scrutineers was delivered in and read, being as follows, *viz.*

" East-India House, the 3d May 1833.

" We, whose names are hereunto subscribed, being appointed by the General " Court of the United Company of Merchants of England trading to the East- " Indies to examine the votes delivered in this day for the determination by " Ballot of the following Question, *viz.*"

(*Vide page* 177.)

" And

"And being also appointed to report the number of votes for and against the "said Question, have accordingly examined the same, and find

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General Court, 3 May 1833.

"Votes for the Question 477

"Votes against the Question 52

"Majority 425

(Signed) "J. Shore.
"William Burnie,
"Wm. Hammond, Jun.
"John Shepherd."

It was then declared from the Chair, that the Question this day put by the Ballot had passed in the Affirmative.

The Court then, on the Question,

Adjourned.

No. XLIII.

AT A

COURT OF DIRECTORS,

Held on Friday, the 3d May 1833.

No. XLIII.

Court of Directors, 3 May 1833.

Resolved, That the Chairman and Deputy Chairman be authorized to communicate, on the part of the Court of Directors, to the Right Honourable the President of the Board of Commissioners for the Affairs of India, the result of the Ballot taken this day on the proposed Resolution respecting the Company's Charter.

No. XLIV.

LETTER *from the* CHAIRMAN *and* DEPUTY CHAIRMAN *to the Right Honourable* CHARLES GRANT.

East-India House, 3d May 1833.

SIR:

No. XLIV. Letter to the Rt. Hon. Chas. Grant, 3 May 1833.

We do ourselves the honour, at the instance of the Court of Directors of the East-India Company, to forward to you, for the purpose of being submitted to His Majesty's Ministers, the accompanying Resolution, which has this day been passed by the Ballot at a General Court of Proprietors, to whom the several papers respecting the Company's Charter were communicated, in conformity with the intimation conveyed to you in our predecessors' letter of the 22d March last.

We have, &c.

(Signed) C. MARJORIBANKS,
W. WIGRAM.

The Right Hon. Charles Grant,
&c. &c. &c.

No. XLV.

AT A

GENERAL COURT

OF THE UNITED COMPANY OF MERCHANTS OF ENGLAND TRADING TO THE EAST-INDIES,

Held on Friday, the 3d May 1833.

No. XLV. General Court, 3 May 1833.

Resolved by the Ballot, That having attentively considered the Correspondence which was laid before the Proprietors on the 25th ultimo, this Court must, in the first place, express their cordial approbation of the conduct of the Court of Directors, in maintaining, as they have done, with judgment, zeal, and ability, the rights and interests of the East-India Company.

That

That on reviewing the intimate connexion which has so long subsisted between India and the Company, this Court desire to record their conviction, that the Company can have no other object in undertaking to administer the Territorial Government for a further term, than the advancement of the happiness and prosperity of our Native subjects; and that if Parliament in its wisdom should consider, as His Majesty's Ministers have declared, that that great object may be best promoted by continuing the administration in the hands of the Company, but divested of their Commercial character, the Company having through the Court of Directors suggested, as it was their duty to do, the difficulties and dangers, political as well as financial, which beset the dissolution of the connexion between the Territorial and the Commercial branches of their affairs, will not shrink from the undertaking, even at the sacrifices required, provided that powers be reserved to enable the Company efficiently to administer the Government, and that their pecuniary rights and claims be adjusted upon the principle of fair and liberal compromise.

That the Company, however, looking to the present and prospective state of the Indian finances, to the aid which the Territory derives from the Trade, and to the probable difficulty of effecting remittances from India under the proposed system, are of opinion that it is not reasonable that "the Company's Assets, Commercial and Territorial, with all their possessions and "rights, shall be assigned to the Crown on behalf of the Territorial Government of India," in exchange, as proposed by His Majesty's Ministers, for an Annuity of ten and a-half per cent. for forty years, payable in England out of the Territorial Revenues, and redeemable at the end of that period at the rate of £100 for every £5. 5*s*. of Annuity, except on the following conditions, *viz*.

First. That the sum to be set apart for a Guarantee Fund be extended to such an amount as upon reasonable calculation will be sufficient, with the accumulations during forty years, to redeem the Annuity at the expiration of that term; and that in the event of India failing in any one year to remit sufficient funds to pay the Dividend, the deficiency shall be supplied out of the Guarantee fund, any sums which may be taken for that purpose being made good to the fund by subsequent remittances from India.

Secondly. That the Company, exercising the same powers as they now possess under their Charter, shall continue to administer the Government of India for a defined period, not less than twenty years; and if deprived

of

No. XLV. General Court; 3 May 1833.

of it at the expiration of that term, or at any time subsequently thereto, they shall be allowed the option of demanding payment of the principal at the rate of £100 for each £5. 5s. of Annuity; and whenever paid off they will be entitled, if they shall see fit, with their capital, or any portion thereof, to resume their undoubted right to trade, which it is now proposed by His Majesty's Ministers should be in abeyance.

Thirdly. That during the period of the Company's administration of the Territorial Government, all measures involving direct or contingent expenditure shall originate with the Court of Directors, and be subject, as at present, to the control of the Board of Commissioners, under the restrictions of the existing law; and further, that sufficient powers be reserved to the Company to check, by a system of publicity to both Houses of Parliament, or by some other means, any acts of the Board which may appear to the Court of Directors to be unconstitutional, to militate against the principles of good government, to interfere with substantial justice to our allies, or to invalidate or impair the security for the the dividend; and

Fourthly. That a sufficient power be retained over the Commercial Assets to enable the Court of Directors to propose to the Company, and ultimately to the Board for their confirmation, a plan for making suitable provision for outstanding Commercial obligations, and for such of the Commercial Officers and Servants of the Company as may be affected by the proposed arrangements.

That the Court of Directors be requested to communicate this Resolution to His Majesty's Ministers.

No. XLVI.

AT A

SECRET COURT OF DIRECTORS,

Held on Tuesday, the 28th May 1833.

No. XLVI. Secret Court, 28 May 1833.

The Chairman acquainted the Court, that he had caused it to be specially summoned, in consequence of a letter received at this House in the afternoon of

of yesterday from the Right Honourable Charles Grant, replying, on the part of His Majesty's Ministers, to the Resolution passed by the General Court of Proprietors on the 3d instant, in reference to the pending discussions respecting the Company's Charter.

No. XLVI. Secret Court, 28 May 1833.

The said letter from Mr. Grant, dated at the India Board, the 27th instant, and addressed to the Chairman and Deputy Chairman, having been read,

It was

Ordered, That the same be referred to the consideration of a Committee of the Whole Court. Whereupon

The Court resolved itself into a Committee of the Whole Court.

No. XLVII.

Letter *from the Right Honourable* Charles Grant *to the* Chairman *and* Deputy Chairman.

East-India House, 27th May 1833.

Gentlemen:

I have the honour to acknowledge the receipt of your letter of the 3d of this month, transmitting the Resolution which was passed by the Ballot on that day at a General Court of Proprietors, in reference to the pending discussions on the Charter of the East-India Company.

No. XLVII. Letter from the Rt. Hon. Chas. Grant. 27 May 1833.

Having laid that Resolution before Lord Grey and the other Members of Administration, it is now my duty to convey to you the sentiments of His Majesty's Government on the subject.

His Majesty's Ministers learn with satisfaction the result of the appeal to the Ballot; and are happy to understand from it that the Proprietors, though not regarding with unqualified approbation the plan laid before them, are, on the whole, prepared to assent to its adoption, if it should receive the sanction of Parliament.

The Proprietors, however, are of opinion, that it is not reasonable that the arrangement should be entered into on the part of the Company, except on certain conditions; and to the suggestions thus offered, it seems to be expected that at least an approximation should be made.

It is the anxious wish of His Majesty's Ministers to accommodate themselves,

No. XLVII.

Letter from the Rt. Hon. Chas. Grant, 27May1833.

as far as is practicable, to the views and feelings of the Company. In this disposition, they have carefully considered the Resolution of the 3d of this month; and although not able implicitly to adopt all the suggestions contained in it, yet to some of them, and those the most important, they are ready to accede. They do so with the more pleasure, as they are glad to mark their sense of the temper and candour which have been evinced by the Court of Directors in their correspondence on the subject, and by the Court of Proprietors in the issue of the Ballot.

The Government do not think that a modification, to the extent which they now propose, of the plan as it stood when submitted to the Proprietors, will involve any sensible deviation from its essential principles. If in a slight degree its completeness should appear to be impaired, or the efficacy of some of its provisions to be diminished by the change, they are of opinion that such partial and minute injury will be fully compensated by the advantage of rendering the entire arrangement more agreeable to the Company, and of securing their cordial co-operation in carrying it into effect.

I now proceed to notice in order the several points suggested by the terms of the Resolution.

With respect to the amount of the Guarantee Fund, the Court of Directors, in their letter of the 18th of March 1833, recommended two millions. The Resolution seems to contemplate a larger sum.

His Majesty's Ministers, however, on the whole, prefer the former scale, and accordingly propose to fix it at two millions.

With regard to the application of the Guarantee Fund as a security for the Dividend, as well as the Capital of the East-India Stock, His Majesty's Ministers are disposed to agree to the principle of the proposition. They do not, indeed, enter into the apprehensions which have led to that suggestion, believing the occurrence of the contemplated emergency to be very improbable; but, in order to meet the views of the Proprietors, they propose that the Dividend should by law have a preference to all other territorial payments in this country.

In the event, therefore, of such an emergency as the Resolution contemplates, the necessity of raising money in this country to supply a temporary deficiency of remittance, will consist in the want of funds, not for the specific purpose of the Dividend, but for other payments, in aid of which the Guarantee Fund would not properly be applicable.

But if the extreme case of such an emergency should occur, advantage may be

be taken of the Guarantee Fund without a recourse to an absolute sale of stock.

In such case, let the Home Government be empowered to take means, either by the issue of bonds, by giving bills in the nature of Exchequer bills, or by pledge or deposit of stock, in short, by some mode of engaging the credit of the fund, to borrow from time to time, as often and as much as may be necessary to provide for the payment of each half-year's dividend; instructions being at the same time issued to the Indian Government, to remit sufficient to discharge the sum which may be so raised, with its accruing interest.

With respect to the various points included in the second suggestion, His Majesty's Ministers agree,

First, "That the Company shall continue to administer the government of "India for a defined period."

My opinion as to the expediency of such a limitation I have before stated to you. It is indeed still my belief, that the best security for the duration of the proposed arrangements will be found in the sanction which, as His Majesty's Ministers are persuaded, experience will give to the practical benefits of its operation. But, having communicated my impressions on this point, I have no indisposition to yield to those of the Company; and His Majesty's Ministers are prepared to recommend that the term of Government should be fixed for twenty years.

I do not know if the words "exercising the same powers as the Company "now possess under their Charter," are here introduced with any specific reference. To the general propositions which they express, His Majesty's Ministers have, through me, repeatedly declared their adherence; and they are not aware that it is, in the slightest degree, impaired by any modification they contemplate in the existing system. Whatever changes Parliament may in its wisdom see fit to adopt, will, I doubt not, be made without detriment to the substantial authority of the Company.

It is possible that the words in question have been inserted in consequence of the hint thrown out in the Memorandum, that the Board should have a *veto* on the recall of Governors and Military Commanders in India. In order to obviate misconstruction, I avail myself of this opportunity to inform you, that it is not the intention of His Majesty's Ministers to insist on the suggestion just mentioned.

His Majesty's Ministers agree,

Secondly, That if at the expiration of the term, or at any subsequent

 period,

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Letter from the Rt. Hon. Chas. Grant, 27May1833.

period, the Company are deprived of the political government, the Proprietors shall have the option (at three years' notice) of being paid off at the rate of £100 for every £5. 5*s*. of Annuity.

His Majesty's Ministers agree,

Thirdly, "That the Proprietors, whenever paid off, shall be entitled, if they "see fit, with their capital, or any portion of it, to resume their undoubted "right to trade, which it is now proposed should be in abeyance."

I now arrive at the third of the suggestions contained in the Resolution.

To the first part of it, which, if I rightly apprehend its purport, is simply a provision for the maintenance of the principle of the existing law, there can be no objection, it being clearly understood, that in future no expence of any kind, excepting only the details of the Home Establishment expenditure, as explained in my letter of 14th March 1833, shall be incurred without the previous sanction of the Board.

The second part of this suggestion is couched in the following words: "That sufficient powers be reserved to the Company to check, by a system of "publicity to both Houses of Parliament, or by some other means, any acts "of the Board which may appear to the Court to be unconstitutional, to "militate against the principles of good government, to interfere with sub-"stantial justice to our allies, or to invalidate or impair the security for the "dividend."

I beg to assure you, that His Majesty's Ministers have taken this suggestion into their consideration, with a sincere desire to discover some safe and unexceptionable mode of satisfying apprehensions, of which they confess themselves, at the same time, unable to perceive the justice. I must fairly state, that hitherto no plan has either occurred to themselves, or been suggested by the Court, which does not seem liable, on public grounds, to grave objection. If any practicable expedient can be devised for the purpose, they will be prepared to entertain it; but I must say that they have too carefully considered the subject to have much expectation of such a result.

To the proposition contained in the fourth suggestion, "That a sufficient "power be retained over the Commercial Assets, to enable the Court of "Directors to propose to the Company, and ultimately to the Board for their "confirmation, a plan for making suitable provision for outstanding com-"mercial obligations, and for such of the Commercial Officers and Servants of "the Company as may be affected by the proposed arrangements," His Majesty's Ministers, although not aware of any peculiar occasion for its adoption,

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tion, see no reason to object; reserving always (which of course is understood) the full power of the Board to act in the matter as their duty and responsibility may in their judgment require.

I have now laid before you the modifications which it is intended to admit into the proposed plan, and I have no doubt that the Proprietors will justly appreciate the spirit in which they are conceded.

The main principles being thus adjusted, we are, I conceive, arrived at the stage of our negociations, at which the subject may be submitted to more general discussion; and I think that I shall best consult the wishes and interests of all the parties concerned, if I take the earliest opportunity to bring the subject under the consideration of Parliament.

By the Legislature the various parts of the measure will be fully canvassed and finally arranged; and the result will, I trust, be no less satisfactory than advantageous to India and to the empire at large.

I have the honour to be,

GENTLEMEN,

Your most obedient Servant,

(Signed) CHARLES GRANT.

The Chairman and Deputy Chairman
of the East-India Company.

No. XLVIII.

AT A

SECRET COMMITTEE OF THE WHOLE COURT,

Held on Tuesday, the 28th May 1833.

No. XLVIII.

Secret Committee of the whole Court, 28May1833.

The Committee, pursuant to the Court's reference of this day, proceeding to take into consideration a letter from the Right Honourable Charles Grant, dated at the India Board the 27th instant, replying, on the part of His Majesty's Ministers, to the Resolution passed by the General Court of Proprietors on the 3d instant, in reference to the pending discussions on the subject of the Company's Charter:

The

No. XLVIII. Secret Committee of the Whole Court, 28May1833.

The Chairman submitted the draft of a proposed letter to Mr. Grant, expressing the Court's satisfaction at the modifications which His Majesty's Ministers have consented to introduce into the Government plan; but urging, for the reconsideration of His Majesty's Ministers, the amount of the proposed Guarantee Fund, and the adoption of some arrangement for giving publicity, in certain cases, to the proceedings of the Board and the Court.

And the said draft of a letter having been read,

The further consideration thereof was adjourned until to-morrow, the 29th instant.

No. XLIX.

AT A

SECRET COMMITTEE OF THE WHOLE COURT,

Held on Wednesday, the 29th May 1833.

No. XLIX. Secret Committee of the Whole Court, 29 May1833.

The Committee resumed the consideration of the draft of a proposed letter to the Right Honourable Charles Grant, which was laid before the Committee yesterday, expressing, in reference to his letter of the 27th instant, the Court's satisfaction at the modifications which His Majesty's Ministers have consented to introduce into the Government plan for the renewal of the Company's Charter; but urging for the further consideration of His Majesty's Ministers the amount of the proposed Guarantee Fund, and the adoption of some arrangement for giving publicity, in certain cases, to the proceedings of the Board and the Court.

And the Committee having agreed to certain alterations therein,

The draft of a letter was approved, and ordered to be submitted to the Court.

No. L.

AT A

SECRET COURT OF DIRECTORS,

Held on Wednesday, the 29th May 1833.

No. L. Secret Court, 29 May 1833.

The Chairman laid before the Court the draft of a letter, which had been approved by a Committee of the whole Court, to the Right Honourable Charles Grant, in reply to his letter of the 27th instant, which communicated the sentiments of His Majesty's Government on the points embraced in the Resolution passed by the General Court of Proprietors on the 3d instant, in reference to the pending discussions respecting the Company's Charter.

The said draft of a letter was read and approved.

No. LI.

Letter *from the* Chairman *and* Deputy Chairman *to the Right Honourable* Charles Grant.

East-India House, 29 May 1833.

Sir:

No. LI. Letter to the Rt. Hon. Chas. Grant, 29 May 1833.

We have had the honour to receive, and to lay before the Court of Directors of the East-India Company, your letter dated the 27th instant, communicating the sentiments of His Majesty's Ministers upon the points embraced in the Resolution regarding the Company's Charter, which was passed by the General Court of Proprietors on the 3d of this month.

The Court of Directors acknowledge with much satisfaction the several modifications of the plan of Government which your letter announces, and they are persuaded that their Constituents, equally with themselves, will appreciate the spirit of frankness and conciliation in which those modifications have been conceded.

There now remain two points upon which the view taken by the General Court differs from that of Ministers: the amount of the Guarantee Fund,

No. LI.

Letter to the Rt. Hon. Chas. Grant, 29 May 1833.

Fund; and the expediency of authorizing publicity being given, in certain cases, to the proceedings of the Board and the Court.

We must candidly state to you, that both of these points were deemed by the General Court to be of vital consequence, and that the concurrence in the basis of thesche me which is implied in their late Resolution, appeared to be mainly dependent on the Guarantee Fund being extended as far as that Resosolution contemplates, and on such a measure of publicity being sanctioned as is necessary to insure good government.

We are, of course, aware that the late Court of Directors proposed that the sum to be set apart as a Guarantee Fund should be increased from £1,200,000, to about £2,000,000, the amount at which His Majesty's Ministers have consented that it should be fixed: but when that proposal was made, nothing definite had been arranged regarding the term of the annuity, and the view taken by the Proprietors is, that at the expiration of the term (since limited to forty years) the Guarantee Fund with its accumulations should be equal to the capital then to be discharged.

By adopting this suggestion, the sum to be set apart, instead of two millions, would not fall far short of three millions; but the financial difference to India, between applying one million in the liquidation of territorial debt, and investing it in England, would be comparatively trifling. In the one case, indeed, there would be an immediate reduction of charge in India to the extent of the saving of interest from the discharge of debt; whilst, in the other case, the interest on the sum invested would accumulate at home: but the accumulation would be expressly for the purpose of enabling India to pay off a debt; and you will no doubt concur with us in thinking, that it consists with sound financial policy that India, being required at a fixed period to discharge an obligation, should provide for it, so as to obviate "the necessity of any particular effort for that purpose," as was observed in your letter dated the 14th March last.

We submit then, that the principle which the Proprietors have recognised is just and expedient, both as affording to them a security that there will be the means to redeem their capital at the time appointed, and as assuring to India the possession of those means without having recourse to fresh loans. The same principle might perhaps be maintained, consistently with a limitation of the fund to two millions, by determining that the Annuity should be irredeemable (unless at the option of the Proprietors in the contingency separately provided for) until the Guarantee Fund shall have accumulated to twelve

twelve millions: but this arrangement would not be so satisfactory to the Proprietors as an extension of the fund; and the Court must earnestly press upon His Majesty's Ministers their decided opinion, that the Company are, upon every principle of justice, entitled to retain out of the Commercial Assets the very moderate sum of three millions.

The manner in which it is proposed to meet the views of the Company with respect to a security for the regular payment of the Dividend is satisfactory to the Court, provided that it form part of the enactment, that the Guarantee Fund shall in no case be used for, or considered applicable to any other object than to secure to the Proprietors their Capital Stock and their Dividend.

The suggestion of the General Court, that publicity should, in certain cases, be given to the proceedings of the Board and the Court of Directors, arose from a feeling that, in the important duty of administering the Government of India, those Authorities should constantly act under the strongest sense of responsibility to the Legislature. The mode in which the General Court have sought the attainment of this desirable object is not, we think, correctly understood by His Majesty's Ministers.

We admit that the terms in which this part of the General Court's Resolution is couched may appear to imply a desire that Parliament should constitute either itself or some separate tribunal as a Court of Appeal, to which the Directors might resort upon occasions of differences with the Board; but we have no hesitation in declaring that, in our judgment, such a measure was not within the contemplation of the General Court.

Although the Court of Directors did propose that there should be some appeal upon the merits of cases of a very peculiar kind, yet they cannot but perceive that any appeal, if resorted to generally, would produce delay and expense, which it was one object of the General Court to avoid; and we are persuaded that the many evils which experience has shown to result from the difficulty of giving prompt effect to the final orders of the Board, might be fully obviated by a simple enactment, requiring that whenever the Court shall pass a Resolution of Protest against orders or instructions given by the Board, after remonstrance on the part of the Court, such Resolution of protest shall be laid before both Houses of Parliament.

Seeing, then, that the object is not the creation of a Court of Appeal, but only the communication of a fact to Parliament, and which, as it will be made *after* the orders are dispatched, will not have the prejudicial effect in India which, when collision between the Home Authorities now takes place, must

No. LI.

Letter to the Rt. Hon. Chas. Grant, 29 May 1833.

result from that fact becoming known to the local Governments, simultaneously with, if not *before* the orders, we cannot but hope that His Majesty's Ministers will concur in a proposal which is calculated, in the opinion of the Court, to secure the independence of the Company under the new system, to check unnecessary controversy, to prevent expense in legal proceedings, and to accelerate the progress of the public business.

If the King's Ministers shall be pleased, under the explanations which we have offered, to acquiesce in the wishes of the Proprietors, regarding an extension of the Guarantee Fund and the question of publicity, it will be unnecessary, in the present stage of the negotiation, for the Court to do more than to communicate to the General Court the further Correspondence which has passed upon the subject; but if, contrary to the anxious hope of the Court, Ministers should decline their concurrence upon these points, it will obviously be necessary to consult the Proprietors whether or not they will consent to the basis of the proposed compromise, upon terms falling short of those specified in their late Resolution.

We have the honour to be, Sir,

Your most obedient humble servants,

(Signed) C. MARJORIBANKS,
W. WIGRAM.

The Right Honourable Charles Grant,
&c. &c. &c.

No. LII.

AT A

SECRET COURT OF DIRECTORS,

Held on Wednesday, the 5th June 1833.

No. LII.

Secret Court, 5 June 1833.

A letter from the Right Honourable Charles Grant, dated at the India Board the 4th instant, being read, acknowledging the receipt of the letter from the Chairman and Deputy Chairman of the 29th ultimo, expressing his regret that his communications on the subject of the Company's Charter have not proved altogether so satisfactory to the Court as he could have wished, and

and indeed as he ventured to anticipate; declining, on the part of His Majesty's Ministers, to acquiesce in the Court's suggestions regarding a further increase of the amount of the proposed Guarantee Fund, or to accede to their proposition for a communication to Parliament, in certain cases, of the proceedings of the Court and the Board; explaining the grounds upon which His Majesty's Ministers have arrived at such a determination; and requesting that the present communication may be considered as final, and that on the essential principles which form the basis of the Government plan as it now stands, the Company will pronounce an opinion unconditionally and conclusively;

No. LII. Secret Court, 5 June 1833.

It was

Resolved, That the said letter be referred to the consideration of a Committee of the Whole Court, to be specially summoned for to-morrow.

No. LIII.

Letter *from the Right Honourable* Charles Grant *to the* Chairman *and* Deputy Chairman.

India Board, June 4th 1833.

Gentlemen:

I have had the honour to receive the letter dated the 29th of May, and marked *secret*, in which you state the sentiments of the Court of Directors in reply to that which I transmitted to you on the 27th of May.

No. LIII. Letter from the Rt. Hon. Chas. Grant, 4 June 1833.

While I acknowledge the spirit of courtesy which has induced the Court of Directors to address me in a confidential manner, I cannot but express my regret that my communications have not proved altogether so satisfactory to them as I could have wished, and, indeed, as I ventured to anticipate.

Impressed with the importance of settling the East-India question, and anxious at the same time to testify a just deference for the Court of Proprietors, by yielding to their suggestions, whenever such concession was not incompatible with the principle of the Government plan, His Majesty's Ministers willingly acceded to nearly every modification contemplated by the Resolution of the 3d of May.

It seems, however, to be impressed on the minds of the Court of Directors,

No. LIII.

Letter from the Rt. Hon. Chas. Grant, 4 June 1833.

that the plan, even thus modified, fails in affording to the Company that full security for their future welfare and efficiency which, both in their Proprietary character and as the intended organ of Indian Administration, they are entitled to require; and, with a view to the providing of such security, the Court conceive that, in two respects, further concession should be granted. The one of these two points relates to the Guarantee Fund, and the other to the communication proposed to be made, in certain cases, of matters which shall have divided the Court and the Board, to both Houses of Parliament.

It is my present object to offer some explanatory observations, which will, I trust, prove that on both points the Court are under some degree of misapprehension; that there is no necessity for any farther modification of the Government propositions, inasmuch as, in virtue of the plan, or under its operation, the Company will, for every practical purpose, possess all the security which can be desired; and consequently, that no reason exists, why they should feel any hesitation in closing with the overture of His Majesty's Ministers.

In respect of the first of the two subjects alluded to, namely, that of the Guarantee Fund, you appear desirous of maintaining the following principle: that the sum to be set aside shall be sufficient, with its accumulations, to redeem the annuity of £630,000 at the expiration of the period during which it is to remain irredeemable; and you suggest that, in the event of Ministers not consenting to such an increase of the Guarantee Fund as shall, on reasonable calculation, insure an amount of twelve millions at the end of forty years, then the period of redemption shall be prolonged, until the fund limited to two millions shall, by dint of accumulation, attain to that amount.

I hope, on this point, to satisfy you, that no provision of the nature alluded to is requisite.

I will not now enter into the question, how far it may be proper or expedient to provide a fund, in order to meet the payment of the capital at the period prescribed. The convenience of such a provision, to a certain extent, I have admitted in my letter to which you refer of the 14th of March. Its effect must be, as I have there stated, to spare *pro tanto* the necessity of a particular effort to raise the sum required for the redemption of the annuity. But, though admitting the principle thus far, I do not think it of unlimited application, nor can I concur in carrying it to the extent now proposed. On the contrary, His Majesty's Ministers entertain a confident persuasion, that an accumulated fund of eight, or even of six millions, would be amply sufficient

to

to obviate any financial difficulty in effecting any arrangement that may be suggested by the condition of paying the full amount of twelve millions.

With respect to the extension of the period for redeeming the annuity, it cannot have escaped the observation of the Court, that whenever Parliament shall avail itself of the option of redemption, that redemption must be effected at the rate of £100 for every £5. 5*s*., as expressly provided for in the Paper of Hints. Should it be resolved, therefore, by the Government and Parliament of the time, to redeem the Annuity of £630,000 before the Guarantee Fund shall have swelled to the amount of twelve millions, they can carry this resolution into effect only by raising the additional sum necessary for that purpose, and thus placing the Proprietors precisely in as good a condition as that in which they would have stood, if the fund itself, with its accumulations, had attained the required amount.

On the other hand, should the Government and the Parliament not see fit to exercise their optional power of redeeming the annuity before the Guarantee Fund shall have risen to twelve millions, then the consequence *ipso facto* must be, that the Proprietors will continue in the receipt of the Annuity of £630,000 until the time arrives at which the accumulated fund shall reach the proper amount.

It is therefore obvious, that under the proposed arrangement the Proprietors are secure of one or other of those alternative advantages which the Court are so desirous of obtaining for them. If paid off *before* the period at which the Guarantee Fund shall have become twelve millions, they will have the same advantage as if the fund provided had been larger; if not paid off *before* that period, they will have the same advantage as if the term of redemption were extended.

I now proceed to the second of the two points on which the Court are solicitous for farther concession. I allude to the proposition that, in any case in which orders dispatched to India by the over-ruling authority of the Board, shall have been protested against by the Directors, it shall be competent to the Directors, after the transmission of such orders, to lay their resolution of Protest before both Houses of Parliament. This proposition has engaged the renewed attention of His Majesty's Ministers; and, notwithstanding the explanations of the Court, the Ministers cannot precisely comprehend the grounds on which the proposition is so strongly prest. If the Court mean only that they ought to have the power of inviting the attention of Parliament to any matter of public policy which has placed them in collision with the

No. LIII.

Letter from the Rt. Hon. Chas. Grant, 4 June 1833.

the Board, and which is, in their opinion, of a nature to call for such a proceeding, it is plain that this power already belongs to the Court, in the constitutional privilege which, in common with all other subjects of the realm, they undoubtedly enjoy, of approaching either House of Parliament by petition. Of this privilege, and of all that right of appeal which it necessarily involves, to the judgment of the Legislature and to the arbitration of public opinion, and of the means with which they are thus provided of checking any illegal or unconstitutional proceedings on the part of the other branch of the Home Government, they are already in secure possession. No new recognition of the existence of such a power can be necessary; and probably the exercise of it would be rather embarrassed than assisted, by any attempt to prescribe the mode, or to define the occasions of putting it in action. But if any power materially different from this be contemplated, His Majesty's Ministers must declare themselves unable to accede to the suggestion. It might, indeed, be enough for them to observe, that the proposition is too indistinct to be accepted in its present form; but they object to it on independent grounds. They are satisfied that, for all practical purposes, the Court are already invested with sufficient powers; and they cannot but object to the introduction into the system of the Home Government of any principle of which they cannot admit the necessity, and which, whatever be the precise shape that it may assume, cannot fail to operate, as they apprehend, very prejudicially to the purposes of good government.

The observations into which I have thus entered, will, I hope, be thought sufficient to establish the position with which I set out; namely, that all the security which the Company, either as Proprietors of Stock or as Governors of India, can reasonably desire, they already possess.

In now coming to a close, I feel it my duty, on the part of His Majesty's Ministers, to request that the present communication may be considered as final.

It will not, I am persuaded, be ascribed to any want of respect, or to a wish for premature or precipitate judgment, if I further feel it my duty, on the part also of His Majesty's Ministers, to ask, that on the essential principles which form the basis of the Government plan as it here stands, the Company will be pleased to pronounce an opinion unconditionally and conclusively.

It is not for me to anticipate their decision, further than by saying that I look forward to it, not indeed without a degree of solicitude, but on the whole with sanguine hope. Discussion has smoothed down the discrepancies between the views and sentiments of the Company and those of the Government, or

has

has shown that those discrepancies were more apparent than real; and though to some extent a diversity of opinion may still be expected to subsist, yet I cannot but persuade myself that the definitive determination of the Directors will be, to recommend the plan to the adoption of their Constituents, and that their advice will be followed. No. LIII. Letter from the Rt. Hon. Chas. Grant, 4 June 1833.

I have, &c.

(Signed) CHARLES GRANT.

The Chairman and Deputy Chairman
of the East-India Company.

No. LIV.

AT A

SECRET COMMITTEE OF THE WHOLE COURT,

Held on Thursday, the 6th June 1833.

The Committee met specially, in consequence of the Court's reference of the 5th instant, for the purpose of taking into consideration a letter from the Right Honourable Charles Grant, dated at the India Board the 4th instant, in reply to the letter from the Chairman and Deputy Chairman of the 29th ultimo; No. LIV. Secret Committee of the Whole Court, 6 June 1833.

The said letter from Mr. Grant was read;

And the Committee having deliberated thereon, adjourned until to-morrow.

No. LV.

AT A

SECRET COMMITTEE OF THE WHOLE COURT,

Held on Friday, the 7th June 1833.

No. LV. Secret Committee of the Whole Court, 7 June 1833.

The Committee resuming the consideration of the letter from the Right Honourable Charles Grant, dated at the India Board the 4th instant, in reply to the letter from the Chairman and Deputy Chairman of the 29th ultimo;

The

No. LV.

Secret Committee of the Whole Court, 7 June 1833.

The Chairman submitted the following motion, *viz.*

"That this Court continuing of opinion, that the mode in which it is suggested, in the General Court's Resolution of the 3d ultimo, that the Guarantee Fund should be extended, is consistent with sound principle and with justice to the reasonable expectations of the Proprietors, and continuing also to think that some rule of publicity would be necessary, under the new system, to preserve the independence of the Company and to secure the good government of India, regret that they are compelled by a sense of duty to decline to recommend to the Proprietors to depart from their Resolution in either of these respects."

And the Question thereon being put,

It passed in the Negative.

It was then moved, and on the Question,

Resolved, That the following Minute and Resolution be submitted for the adoption of the Court, *viz.*

"The Court proceeding to take into consideration the letter from the Right Honourable Charles Grant, dated the 4th instant, and observing that the several suggestions contained in the General Court's Resolution of the 3d ultimo have been adopted by His Majesty's Ministers, with the exception of the amount of the Guarantee Fund, which, however, Ministers have agreed shall be extended to two millions; and with th eexception also of what relates to the giving publicity, in certain cases, to the proceedings of the Board and the Court;

"*Resolved*, That although the Court must be permitted still to think that the mode in which it has been suggested by the General Court, in their Resolution of the 3d ultimo, that the Guarantee Fund should be extended, is only consistent with what is justly due to the reasonable expectations of the Proprietors, yet perceiving, as the Court do, with satisfaction, an admission by Mr. Grant of the principle contended for by the Company, to the extent that, 'if paid off before the period at which the Guarantee Fund shall 'have become twelve millions, they will have the same advantage as if the 'Fund provided had been larger; if not paid off before that period they will 'have the same advantage as if the term of redemption were extended;" and considering also that, by the modifications which Ministers have allowed, the Company will obtain a material addition to the amount first proposed, and the Fund will be available to secure the Dividend as well as the Capital Stock; this Court are prepared to recommend, that if it should

be

No. LV.

Secret Committee of the Whole Court, 7 June 1833.

"be the pleasure of Parliament to limit the sum to be set apart to two mil-
"lions, the Proprietors should defer thereto.

"That this Court adhere to the opinion which they have repeatedly
"expressed, that some measure of publicity, to be exercised as a rule, not as
"a privilege, will be necessary to preserve to the Company, under the altered
"circumstances in which the plan of Government will place them, that
"degree of independence which is required to enable them efficiently to
"perform their part in the government of India; and the Court entertain a
"confident expectation that Parliament, taking the same view of the subject,
"will make suitable provision accordingly.

"That as, notwithstanding this exception, supposing the Proprietors to
"concur in the recommendation respecting the amount of the Guarantee
"Fund, the Company's acquiescence in 'the essential principles which form
"'the basis of the Government plan,' as modified in consequence of the
"General Court's late Resolution, will have been expressed so as to allow of
"its being brought before Parliament, it will be unnecessary to adopt any
"further proceeding at present, as the question of placing the Company's
"permanent Commercial rights under their Charter in abeyance cannot be
"conclusively decided by the Proprietors, until they have before them the
"Bill by which Parliament may propose to give effect to the plan, the basis
"only of which has yet been agreed upon.

"That a Special General Court be summoned to meet on Monday next,
"the 10th instant, for the purpose of laying before the Proprietors the
"further correspondence, together with this Resolution."

A report to the Court, submitting the foregoing Minute and Resolution, was approved and signed.

No. LVI.

REPORT

BY THE COMMITTEE OF THE WHOLE COURT,

the 7th June 1833.

No. LVI. Report Committee of the Whole Court, 7 June 1833.

Your Committee herewith submit for the Court's adoption the accompanying Minute and Resolution upon the letter of Mr. Grant dated the 4th instant.

J. P. Muspratt,
Henry Shank,
J. L. Lushington,
R. C. Fergusson,
H. Alexander,
George Raikes,
John Thornhill,
Rd. Jenkins,
John Cotton.
William Astell,
W. S. Clarke,
John Loch,
Charles Mills,
George Lyall,
William Young,
Patrick Vans Agnew,
James R. Carnac,
John Forbes,
Russel Ellice,

No. LVII.

AT A

SECRET COURT OF DIRECTORS,

Held on Friday, the 7th June 1833.

No. LVII. Secret Court of Directors, 7 June 1833.

A Report from the Committee of the Whole Court, dated this day, being read, submitting for the Court's adoption a Minute and Resolution upon the letter from the Right Honourable Charles Grant, dated the 4th instant, which was read in Court on the following day, and referred to the Committee's consideration;

And the said Minute and Resolution having been read;

The

The same was approved, being as follows, *viz.* No. LVII.

Secret Court of Directors, 7 June 1833.

The Court proceeding to take into consideration the letter from the Right Honourable Charles Grant, dated the 4th instant, and observing that the several suggestions contained in the General Court's Resolution of the 3d ultimo have been adopted by His Majesty's Ministers, with the exception of the amount of the Guarantee Fund, which, however, Ministers have agreed shall be extended to two millions; and with the exception, also, of what relates to the giving publicity, in certain cases, to the proceedings of the Board and the Court;

Resolved, That although the Court must be permitted still to think that the mode in which it has been suggested by the General Court, in their resolution of the 3d ultimo, that the Guarantee Fund should be extended, is only consistent with what is justly due to the reasonable expectations of the Proprietors, yet perceiving, as the Court do, with satisfaction, an admission by Mr. Grant of the principle contended for by the Company, to the extent that, "if paid off before the period at which the Guarantee Fund shall have become "twelve millions, they will have the same advantage as if the fund provided "had been larger; if not paid off before that period, they will have the same "advantage as if the term of redemption were extended;" and considering also that, by the modifications which Ministers have allowed, the Company will obtain a material addition to the amount first proposed, and the fund will be available to secure the Dividend as well as the Capital Stock; this Court are prepared to recommend that, if it should be the pleasure of Parliament to limit the sum to be set apart to two millions, the Proprietors should defer thereto.

That this Court adhere to the opinion which they have repeatedly expressed, that some measure of publicity, to be exercised as a rule not as a privilege, will be necessary to preserve to the Company, under the altered circumstances in which the plan of Government will place them, that degree of independence which is required to enable them efficiently to perform their part in the government of India; and the Court entertain a confident expectation that Parliament, taking the same view of the subject, will make suitable provision accordingly.

That as, notwithstanding this exception, supposing the Proprietors to concur in the recommendation respecting the amount of the Guarantee Fund, the Company's acquiescence in "the essential principles which form the basis of "the Government plan," as modified in consequence of the General Court's

No. LVII. Secret Court of Directors, 7 June 1833.

late Resolution, will have been expressed, so as to allow of its being brought before Parliament, it will be unnecessary to adopt any further proceeding at present, as the question of placing the Company's permanent Commercial rights under their Charter in abeyance cannot be conclusively decided by the Proprietors, until they have before them the Bill by which Parliament may propose to give effect to the plan, the basis only of which has yet been agreed upon.

That a Special General Court be summoned to meet on Monday next, the 10th instant, for the purpose of laying before the Proprietors the further Correspondence, together with this Resolution.

Draft of a Letter to the Right Honourable Charles Grant, transmitting a copy of the foregoing Resolution, was read and approved.

On a motion,

Ordered, That the whole of the Proceedings of this Court, with those of any Committee of the Whole Court, together with the Correspondence which has passed between His Majesty's Ministers and the Court of Directors since the last communication to the Proprietors, be printed and laid before the General Court.

Draft of an Advertisement, summoning a Special General Court of Proprietors for Monday next the 10th instant, and giving notice that the further Papers respecting the Company's Charter, to be then laid before them, are now printing, and will be ready for delivery to the Proprietors at this House on Monday next at ten o'clock, was read and approved.

No. LVIII.

Letter *from the* Chairman *and* Deputy Chairman *to the Right Honourable* Charles Grant.

East-India House, 7th June 1833.

No. LVIII. Letter to the Rt. Hon. Chas. Grant, 7 June 1833.

Sir:

We have had the honour to receive your letter dated the 4th instant, explaining the opinions of His Majesty's Ministers upon the two points arising out of the General Court's Resolution of the 3d ultimo, which formed the subject of our communication to you of the 29th of that month.

Having

No. LVIII.

Letter to the Rt. Hon. Chas. Grant. 7 June 1833.

Having laid your letter before the Court of Directors, they, in consequence of it, have adopted a Resolution, copy of which we beg leave to enclose.

We have the honour to be, Sir,
Your most obedient humble servants,
(Signed) C. MARJORIBANKS.
W. WIGRAM.

The Right Honourable Charles Grant,
&c. &c. &c.

No. 5.

FURTHER PAPERS

RELATIVE TO

THE EAST-INDIA COMPANY'S CHARTER.

1833.

FURTHER PAPERS

RESPECTING

THE EAST-INDIA COMPANY'S

CHARTER.

1833.

LONDON:

PRINTED BY ORDER OF THE GENERAL COURT FOR THE INFORMATION OF THE PROPRIETORS,

BY J. L. COX AND SON, 75, GREAT QUEEN STREET.

1833.

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No. LIX.

AT A

COURT OF DIRECTORS,

Held on Monday, the 10th June 1833.

No. LIX.

Court of Directors, 10 June 1833.

A letter from the Right Honourable Charles Grant, dated at the India Board the 8th instant, acknowledging the receipt of the letter from the Chairman and Deputy Chairman, which forwarded a copy of the Resolution passed by the Court of Directors on the 7th instant, upon the two points which formed the subject of his letter of the 4th of this month, and expressing his satisfaction at the Court's acquiescence in the propositions that were thus laid before them, was read.

A Dissent, delivered in by the Chairman and Deputy Chairman, from the Resolution passed by a Secret Court of Directors on the 7th instant, relating to the present negotiation with His Majesty's Ministers on the subject of the Company's Charter, was likewise read.

It was then, on a motion,

Resolved, That with reference to the Resolution of this Court of the 7th instant, under which the several proceedings relating to the Company's Charter since the last communication to the General Court upon that subject have been printed, and will this day be laid before the Proprietors; the letter from the Right Honourable Charles Grant, dated the 8th instant, and the Dissent now delivered in by the Chairman and Deputy Chairman, be likewise laid before the Proprietors, and printed for their information.

No. LX.

LETTER *from the Right Honourable* CHARLES GRANT *to the* CHAIRMAN *and* DEPUTY CHAIRMAN.

India Board, 8th June 1833.

No. LX.

Letter from the Rt. Hon. Chas. Grant, 8 June 1833.

GENTLEMEN:

I have the honour to acknowledge the receipt of your letter of yesterday's date, transmitting copy of the Resolution passed by the Secret Court of Directors held on that day, upon the two points which formed the subject of my letter to you of the 4th instant.

I beg to return you my thanks for the communication now made, and to request you to express to the Court the satisfaction with which I have observed their acquiescence in the propositions that were thus laid before them.

I have the honour to be, Gentlemen,

Your most obedient humble Servant,

(Signed) CHARLES GRANT.

The Chairman and Deputy Chairman
of the East-India Company.

No. LXI.

DISSENT *by the* CHAIRMAN (C. Marjoribanks, Esq.) *and* DEPUTY CHAIRMAN (W. Wigram, Esq.).

No. LXI.

Dissent by the Chairman and Deputy Chairman, 10 June 1833.

We considered it to be our duty to submit the motion which was negatived in a Committee of the Whole Court on Friday last, the 7th instant, because we desired to maintain to the full extent what we conceive to be the views of the General Court by their Resolution of the 3d May, in which Resolution we entirely concurred.

We consequently withheld our signatures from the Report which submitted the Resolution passed in the Committee for adoption by the Court.

The Court having adopted it, we feel compelled to place upon the Records of the Company our Dissent, for the following reasons, *viz.*

First,

Dissent by the Chairman and Deputy Chairman. 10 June 1833.

First, Because, although we are prepared to admit that considerable modifications have been made by His Majesty's Ministers in the plan, as originally proposed, we still think, with reference to the General Court's proceedings, that the Proprietors, both in justice and equity, are entitled to have the sum of Three instead of Two millions set apart as a Guarantee Fund for their Capital Stock, particularly when we consider the readiness with which the propositions of His Majesty's Ministers have been met by the Company consenting to place in abeyance their valuable rights as a Corporation, thereby withdrawing from competition with the British Merchant the large capital and established influence which they possess in their commercial character, both in England and in India, but more particularly as regards the trade with China.

2ndly. Because we are of opinion that some legislative provision for giving publicity in certain cases of difference between the Board of Commissioners and the Court of Directors, is indispensable for maintaining the independence of the Court, and consequently for the good government of India. For unless it is known that the two co-ordinate authorities act under a positive responsibility to Parliament, the paramount authority may enforce their views and opinions, however contrary to good government or wholesome rule, without the possibility of the Legislature becoming acquainted with the facts, by the Ministers refusing the production of the papers connected therewith to Parliament. Nothing can more clearly substantiate the truth of this position than what has already taken place with reference to the Papers now before the General Court, and which have been printed at the instance of the Proprietors.

We allude to those relating to the Pecuniary Claims of British Subjects on the Native Princes of India, and to the Writ of Mandamus on the Affairs of Messrs. William Palmer and Co. of Hyderabad. In the former is the case of the Lucknow Bankers, which originated so far back as the year 1797. The claims of these parties have been pressed upon the Court of Directors on various occasions during the last twenty-two years. The Court have invariably declined giving any countenance or support whatever to these claims, and the Board of Commissioners have confirmed the views of the Court.

In April 1832, after a lapse of ten years, the Court were called upon by the Indian Minister to depart from that course, and to frame a dispatch according to the tenour prescribed by the Board, which was "to instruct the Supreme "Government to press upon the serious attention of the King of Oude a claim "which ought to have been discharged thirty years ago."

At the date of this communication from the Board there were two cases

 before

No. LXI.

—Dissent by the Chairman and Deputy Chairman, 10June1833.

before Parliament involving claims of British Subjects against Native Princes; the one on the Zemindar of Noozeed, and the other upon the Rajah of Travancore.

The Court endeavoured to convey to the President of the Board of Commissioners, and through that Right Honourable Gentleman to the rest of His Majesty's Ministers, in a letter of the 9th May 1832,* the conviction which they entertain of the pernicious tendency of the principle involved in all those proceedings. It would only weaken the force of that remonstrance to quote merely a part, and we therefore rest upon the whole as presenting irrefragable arguments in support of the Court's opinion. The President waived all discussion as to the merits of the claims of the Lucknow Bankers,† but expressed dissent in every respect from the view taken by the Court, and the requisition that the Court would prepare a dispatch was repeated. The Court not having prepared instructions to the Bengal Government, the Board, on the 15th December (seven months afterwards) sent down a dispatch with directions that the Court should forward the same.

The Court still felt that the question as to the policy, as well as the right of the British Government to exert its authority with the Sovereign of Oude for the satisfaction of the claims in question, was long ago "accurately considered, "deliberately decided, and solemnly and finally closed;"‡ and they represented to the Board the strong apprehension which they entertained from establishing such a precedent, and concluded by expressing their full assurance, that the considerations urged by the Court against the Dispatch sent down by the Board would receive careful and deliberate attention, and "judging by the conviction "they have produced in themselves, they cannot but entertain the strong hope "and expectation that they will make a similar impression on the minds of the "Commissioners."§

We trust that the arguments of the Court have not been urged without effect, as the Board have paused in enforcing their order of December; but what, we may ask, would have been the case, had there been a President of the Board of Commissioners determined, without awaiting such representation, or giving attention to it when made, to enforce the transmission of the Dispatch?

It is against such a possible exercise of power, and in the event of such power

* Page 1 of the Printed Papers respecting Pecuniary Claims of British Subjects on Native Princes of India, &c.

† Page 45, Letter from the President, dated the 14th May.

‡ Page 53 of the Printed Papers. § Page 71 of Ditto.

power being exercised, that the facts shall reach Parliament, that we contend for a rule of publicity. No. LXI.

Dissent by the Chairman and Deputy Chairman, 10 June 1833.

The case also of Messrs. William Palmer and Co. forms another instance in which the exercise of absolute power may compel the Court, under the proposed scheme, to send out a Dispatch, although contrary in their opinion to every principle of justice, and which may be calculated to lower the character of the British Government throughout India, without the same coming before Parliament.

The right of appeal which the Court at present possess, affords the means, though not in our judgment sufficiently ample, to get the matter of a Dispatch, on which an extreme difference of opinion shall exist, before the Public; but this will cease under the new order of things.

Objections on the score of political expediency may be urged against the proposition; but we think the provisions might be sufficiently guarded to prevent any ill effects, whilst its very existence would, in our judgment, tend more to insure an abstinence from acts which would bring the authorities within its operation, than any other measure which can be devised as a substitute; whilst promptness in decision would be promoted, justice would be readily afforded, and heavy law charges avoided.

It is not without feelings of sincere regret that we find ourselves placed in opposition to the opinion of so large a majority of our colleagues; but we think that we should not discharge our duty to the Company, to India, or to the British public, were we not thus to express our conviction as to the necessity of instituting means, whereby Parliament shall, in certain cases, acquire a direct knowledge of the measures of that branch of the Executive Government of this Country, under whose control the Affairs of India are administered.

(Signed) C. Marjoribanks,
W. Wigram.

East-India House, the 10th June 1833.

No. LXII.

AT A

GENERAL COURT

OF THE UNITED COMPANY OF MERCHANTS OF ENGLAND TRADING TO THE EAST-INDIES.

Held on Monday the 10th June 1833.

No. LXII.

General Court, 10 June 1833.

The Chairman acquainted the Court, that it had been specially summoned for the purpose of laying before the Proprietors further papers respecting the present negotiation with His Majesty's Ministers on the subject of the Company's Charter.

The undermentioned papers were then laid before the Court, and read, *viz.*

Minute of a Court of Directors held on Friday the 3d May 1833.

Letter from the Chairman and Deputy Chairman to the Right Honourable Charles Grant, dated 3d May 1833.

Minute of a General Court, held on Friday the 3d May 1833.

Minute of a Secret Court of Directors, held on Tuesday the 28th May 1833.

Letter from the Right Honourable Charles Grant to the Chairman and Deputy Chairman, dated the 27th May 1833.

Minute of a Secret Committee of the whole Court, held on Tuesday the 28th May 1833.

Minute of a Secret Committee of the whole Court, held on Wednesday the 29th May 1833.

Minute of a Secret Court of Directors, held on Wednesday the 29th May 1833.

Letter from the Chairman and Deputy Chairman to the Right Honourable Charles Grant, dated the 29th May 1833.

Minute of a Secret Court of Directors, held on Wednesday the 5th June 1833.

Letter from the Right Honourable Charles Grant to the Chairman and Deputy Chairman, dated the 4th June 1833.

Minute of a Secret Committee of the whole Court, held on Thursday the 6th June 1833.

Minute

No. LXII.

General Court, 10 June 1833.

Minute of a Secret Committee of the whole Court, held on Friday the 7th June 1833.

Report by the Committee of the whole Court, the 7th June 1833.

Minute of a Secret Court of Directors, held on Friday the 7th June 1833.

Letter from the Chairman and Deputy Chairman to the Right Honourable Charles Grant, dated the 7th June 1833.

Minute of a Court of Directors held this day.

Letter from the Right Honourable Charles Grant to the Chairman and Deputy Chairman, dated the 8th June 1833.

Dissent by the Chairman (C. Marjoribanks, Esq,) and the Deputy Chairman (W. Wigram, Esq.), 10th June 1833.

It was moved, and after a discussion of some length,

Resolved, That this Court having deliberately considered the correspondence which has taken place between the Court of Directors and His Majesty's Ministers since the last General Court, and the modifications agreed to by them in consequence of its Resolution of the 3d May, while it sensibly and gratefully appreciates the motives which have actuated the Honourable the Chairman and Deputy Chairman in the course which they have thought it their duty to take, concurs in the opinions, and adopts the recommendation of the Court of Directors in their Minute and Resolution of the 7th June, now read, and requests that they will be pleased to lay before the Proprietors a Copy of the Bill about to be introduced into Parliament respecting the future Government of India and the Company's Charter, so soon as the same shall be printed, in order that they may be enabled to judge of the clauses of the said Bill.

No. LXIII.

LETTER *from the* CHAIRMAN *and* DEPUTY CHAIRMAN *to the Right Honourable* CHARLES GRANT.

East-India House, 10th June 1833.

SIR:

No. LXIII.

Letter to the Rt. Hon. Chas. Grant, 10June1833.

In reference to our letter of the 7th instant, transmitting copy of a Resolution of the Court of Directors upon the further Correspondence regarding the Company's Charter, we have the honour to transmit to you copy of a Resolution which has this day been passed by the General Court of Proprietors, concurring in the opinions, and adopting the recommendation of the Court of Directors.

We have the honour to be, Sir,

Your most obedient humble Servants,

(Signed) C. MARJORIBANKS,
W. WIGRAM.

The Right Honourable Charles Grant,
&c. &c. &c.

No. 5.

FURTHER PAPERS

RESPECTING

THE EAST-INDIA COMPANY'S

CHARTER.

1833.

No. 6.

FURTHER PAPERS

RELATIVE TO

THE EAST-INDIA COMPANY'S

CHARTER.

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1833.

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No. LXIV.

AT A

COURT OF DIRECTORS,

Held on Wednesday, the 12th June 1833.

No. LXIV.

Minute of Court, 12 June 1833.

A Letter signed by George Smith, Esq., a Member of this Court, dated this day, was read, stating his concurrence in the view taken by the Chairman and Deputy Chairman of the Resolution passed by a Secret Court on the 7th instant upon the subject of the Company's Charter, and requesting that he may be considered as a subscribing party to the opinions expressed in their Dissent of the 10th instant.

A Paper signed by John Masterman, Esq., a Member of this Court, dated this day, was likewise read; stating that had he been present when the Court passed their Resolution of the 7th instant, above referred to, he should, under the circumstances in which the Company is placed, have joined in the recommendation to the Court of Proprietors conveyed in that Resolution.

Henry St. George Tucker, Esq., a Member of this Court, delivered in his Dissent from the said Resolution of the 7th instant, which Dissent was likewise read.

It was then, on a motion,

Resolved, That the Letter, Paper, and Dissent, now read, be printed for the information of the Proprietors.

No. LXV.

Letter *from* George Smith, Esq. *to the* Court of Directors.

East-India House, 12th June 1833.

Gentlemen:

No. LXV. Letter from G. Smith, Esq. 12June1833.

Having been unavoidably absent from the Court on Monday last, I was prevented signing the Dissent delivered in by the Chairman and Deputy Chairman from the Resolution passed by a Secret Court on the 7th instant on the subject of the Company's Charter. Entirely concurring in the view taken by the Chairs of that question, I beg to be considered as a subscribing party to the opinions so forcibly expressed in their Dissent.

I have the honour to be, Gentlemen,

Your obedient servant,

(Signed) George Smith.

The Honourable Court of Directors,

&c. &c. &c.

No. LXVI.

Paper *signed by* John Masterman, Esq.

No. LXVI. Paper by J. Masterman, Esq. 12June1833.

Having been unavoidably absent from the General Court held on Monday last, I was prevented from joining in the recommendation signed by the majority of my colleagues regarding the last proposals relating to the renewal of the Charter by His Majesty's Government; and although it would have been much more satisfactory to me to have obtained a larger Guarantee Fund, as also the required publicity, I should, under all the circumstances in which the Company is placed, have joined in the said recommendation, and therefore beg to take this opportunity of recording my opinion accordingly.

(Signed) John Masterman.

East-India House, 12th June 1833.

No. LXVII.

Dissent *by* Henry St. George Tucker, Esq.

No. LXVII.

Dissent by H. St. Geo. Tucker, Esq. 11 June 1833.

The respect which I feel for the judgment of my Colleagues, impels me to explain the grounds on which I declined to concur in the resolution of a great majority of the Court, passed on the 7th instant, and having for its object to recommend the propositions of His Majesty's Ministers to the favourable attention of the Court of Proprietors. No resolution could well have been more cautiously worded, and no recommendation could well have been conveyed in terms better calculated to place the whole question before the Proprietors, in a way to leave them at liberty to deal with it at their own good pleasure in its progress to Parliament, by whom the final decision must be pronounced.

But I had been previously called upon to vote on a proposition of the Chairs for declining to recommend the plan of His Majesty's Government to the acceptance of the Proprietors, on two grounds:

First, That the proposed Guarantee Fund of two millions was insufficient; and

Secondly, That we should have no satisfactory assurance of good government without *publicity*; and as I concurred in this opinion, I voted accordingly, although highly appreciating the praiseworthy endeavours of my colleagues to bring this great question to an early and amicable settlement with His Majesty's Government.

I will state concisely the grounds of the vote which I gave, and which, I thought, precluded me from concurring in the Resolution subsequently proposed and adopted by a great majority of the Court.

We have, I admit, obtained some very important concessions from His Majesty's Ministers, for which we owe them our cordial acknowledgments. The Guarantee Fund has been extended from £1,200,000 to £2,000,000:—it has been made applicable to the payment of the Annuity of £630,000 under certain circumstances:—we are allowed to raise money by the issue of Bonds, or other securities, to supply any temporary deficiency in our remittances from India:—the Dividends are to take precedence of all other territorial demands on the Home Treasury; and the Proprietors are to be at liberty, at the expiration of twenty years' to demand payment of the principal of twelve millions on giving three years' notice. These are valuable concessions certainly; and His

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Majesty's Ministers, in continuing to us the power of recalling the public Functionaries from India, have given another proof of their readiness to acquiesce in our just pretensions.

But I attach very great importance to the object of obtaining English Security for our Indian Annuity; and it appears to me not only that three millions must be regarded *as the very smallest sum* which ought to be taken from our Commercial Assets for that purpose, but I am prepared to maintain that a much larger sum might be set apart without public inconvenience.

I will not insist on the possibility of insurrections and internal convulsion, which might, for a time at least, destroy the very sources of our Indian revenue. The occurrence of war (no very uncommon event) must absorb the local revenue, and perhaps exhaust even our credit. This has actually happened in repeated instances, and it may happen again, notwithstanding all our prudence and all our care. A state of war must not, then, be put out of sight in looking forward to the future; and if war supervene, it would be impossible to avail ourselves of our right to priority of payment when demands of a more urgent nature should come upon the Home Treasury. Nor, indeed, would it be just to the present Territorial Creditors, while any of them may be entitled to receive their interest in this country, to set them aside, and to claim a preference of payment on occasions when the public Treasury may not be in a condition to satisfy all the various demands upon it.

To the English capitalist *security* and *punctuality* of payment are, or ought I think to be, the main object; and it has always appeared to me that the term of the Annuity, the period for continuing to us the Territorial Administration, and the period at which the Guarantee Fund might be expected to reach its maximum of twelve millions, ought all to have been regulated with reference to each other.

Admitting, however, that the Territory furnishes sufficient security for the Annuity, I cannot yet satisfy myself that the means of a safe remittance to this country will be provided by the plan of His Majesty's Ministers. Not a word has yet been said with respect to the question of our being continued as the organ of remittance by means of the Tea trade, and we are left to conclude that our commercial functions will cease altogether in April next, when we must depend upon the private trade as the channel for realizing the Territorial Surplus in this country. Now we have actually made the experiment which Mr. Grant points at in the course of his correspondence, and which is much insisted upon by some gentlemen who have given their evidence before the two Houses

Houses of Parliament. We have advanced money in India for Bills upon the security of goods, but this expedient has already exposed us to much embarrassment. Impressed, then, with the conviction that no means of effecting with safety the political remittance from India to this country to the extent of three millions annually have yet been devised, or are likely to be within our reach, I could not, in a state of ignorance on this and other points, venture to recommend unreservedly to the Proprietors an unqualified acquiescence in the proposals of His Majesty's Government, although fully admitting, at the same time, that their plan has been greatly improved.

I do not ask His Majesty's Ministers to abandon the doctrine of free trade as an abstract proposition; but I submit, that it cannot be received for practical purposes as a rule of commercial policy without certain conditions and limitations.

First. The parties dealing together must act upon the principle of perfect reciprocity. This is not likely to be the case in China.

Second. There must be on both sides security for person and property. This is not the case in Japan, nor indeed in China, at all times.

Third. There must not be a great inequality between the quantity of labour brought into action in the course of producing the commodities interchanged, or the benefit will not be equal. Fifty years ago labour was held to be the source of national wealth; but we have now a redundancy of manual labour, creating individual poverty and distress; and it is one great and most difficult part of the business of legislation and government, to find the means of employing labour innocently if not usefully, and to make it applicable to the purpose of distributing the general produce. If this distribution cannot be effected in such manner as to admit that labour can command food, the people will take by violence that which is necessary to their subsistence.

Fourth. There is something in *distance* or the remoteness of countries trading together, which may produce some disturbance in applying the doctrine of Free Trade.

In a very few days we learn the variations in the principal commercial markets of the Continent, and the supply may be adjusted to the demand with a great degree of accuracy, so as to prevent any material loss from the violent fluctuation of prices; but six months, or twelve months, may elapse before we obtain certain information of what is passing in China, and different merchants, proceeding in ignorance and without concert, may engage in the most hazardous speculations.

This

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This happened to the inconsiderate adventurers who first embarked in the trade to Buenos Ayres, although the distance was comparatively small!

This happened to the Free-Traders who have prosecuted the commerce with India since 1813; and to an extent which has spread ruin throughout the Indian community, as well as in some of the manufacturing districts of this country!

An attempt was made by us to open a trade with Japan while we held possession of Java, and it ended in total disappointment, entailing upon the Government a heavy loss. This was not to be referred to *distance* alone, but to the jealous feeling of an arbitrary Government. And does not the Government of China act in that arbitrary, capricious, and unsteady manner, which is calculated to create uncertainty in the management of commercial operations? The trade in that country exists only by sufferance from day to day.

I contend, that sufficient allowance is not made for the disadvantage of distance and uncertainty in applying the doctrine of free trade to China. It was the risk and uncertainty attending long voyages, and the necessity for a large capital, which first led to the incorporation of our own and other Public companies. Exclusive privileges were necessary for their encouragement; but with these privileges they were enabled to supply remote markets, whose wants they could generally estimate with a great degree of certainty, and supply with regularity and without extraordinary risk; but individuals, who run a race of competition, cannot guard themselves against the imprudence of each other.

On the second point of difference with His Majesty's Ministers, I shall confine myself to a very few remarks. We do not yet know the exact plan which is to be submitted to Parliament. A change in the constitution of the Court has been proposed, and that change may materially affect its power and efficiency. I am willing to hope that His Majesty's Ministers intend to render the Court a useful and efficient organ of administration; but, at present, I cannot perceive how that object is to be accomplished while all real power is reserved to the Board. We shall only, I fear, become a skreen interposed between the Government and the British people. The Government will not have the direct responsibility which ought to attach to the exercise of power, and we shall have the discredit of measures which we may have disapproved and opposed.

It is not easy, I admit, to point out a safe and unobjectionable course, for there are difficulties inherent in the nature of the thing to be obtained:—good government,

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ed agency and a judicious distribution of powers.—The n, that *publicity* would afford the best security against mal- men acting under the public eye may be expected generally on and correctness. The *right* to appeal to another tribunal d to produce good, although rarely exercised. All we have or is the privilege of laying our Protests before Parliament in parti- es. This could only be done on great and important occasions; and rivilege should ever be abused by factious men, the remedy would rest Parliament itself. A vote of censure would strip them of all credit, and er it impossible for them to retain their places. An appeal to the Court of oprietors could scarcely produce the same effect, although I am sensible that an appeal to the public through this channel would not be without its use.

I repeat, that we have gained much in the course of our negotiation with His Majesty's Ministers; but more might have been conceded to us without public inconvenience, and not only with advantage to the Proprietors, but with benefit to the national interests, which, I am persuaded, would have been best consulted by continuing the East-India Company as the organ of the Territorial remittance, and as the instrument of supplying the British consumer with the article of Tea. But we are now in the hands of Parliament, and must submit to the wisdom of the Legislature, the guardian of the national welfare. I still hope that the two points at issue may be conceded to us. The extension of the Guarantee Fund, although of importance to us, cannot be matter of importance to His Majesty's Government. The privilege of resorting to Parliament where two authorities are supposed to exercise a concurrent jurisdiction, might no doubt produce inconvenience if abused, but there is no reason to apprehend abuse; and as the Court of Directors will be stripped of all that influence which their commercial character gave them, as they have now little connection with Parliament, and as their patronage, which also conferred influence, will probably be placed on a different footing, it appears to me that the independence of the Court ought to be better secured, and its power to be strengthened rather than curtailed, if it is to perform any useful office in the administration of India. I cannot lift up the veil which hangs over the future; it may conceal from us sunshine or storms. The plan of His Majesty's Ministers has not been fully disclosed to us, and it may not yet have received its last finish; but viewing it, as I must do, in the form in which it has been presented to us, my impression is, that it must fail, and that its failure will produce financial, commercial,

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mercial, and perhaps political derangement. His Maje[sty] been urged forward by the popular voice to tak[e] from the every part of the China trade; but public o[pi]nion on th[is] me already to have undergone a change. The merchant is our protecting shield, and the manufacturer [is] our fosterin[g] truth and reason come too late. I do feel a most anxious soli[c]subject, and it is that strong feeling which has impelled me to opinions upon record.

(Signed) H. St. Geo Tu[cker]

East-India House, 11th June 1833.

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